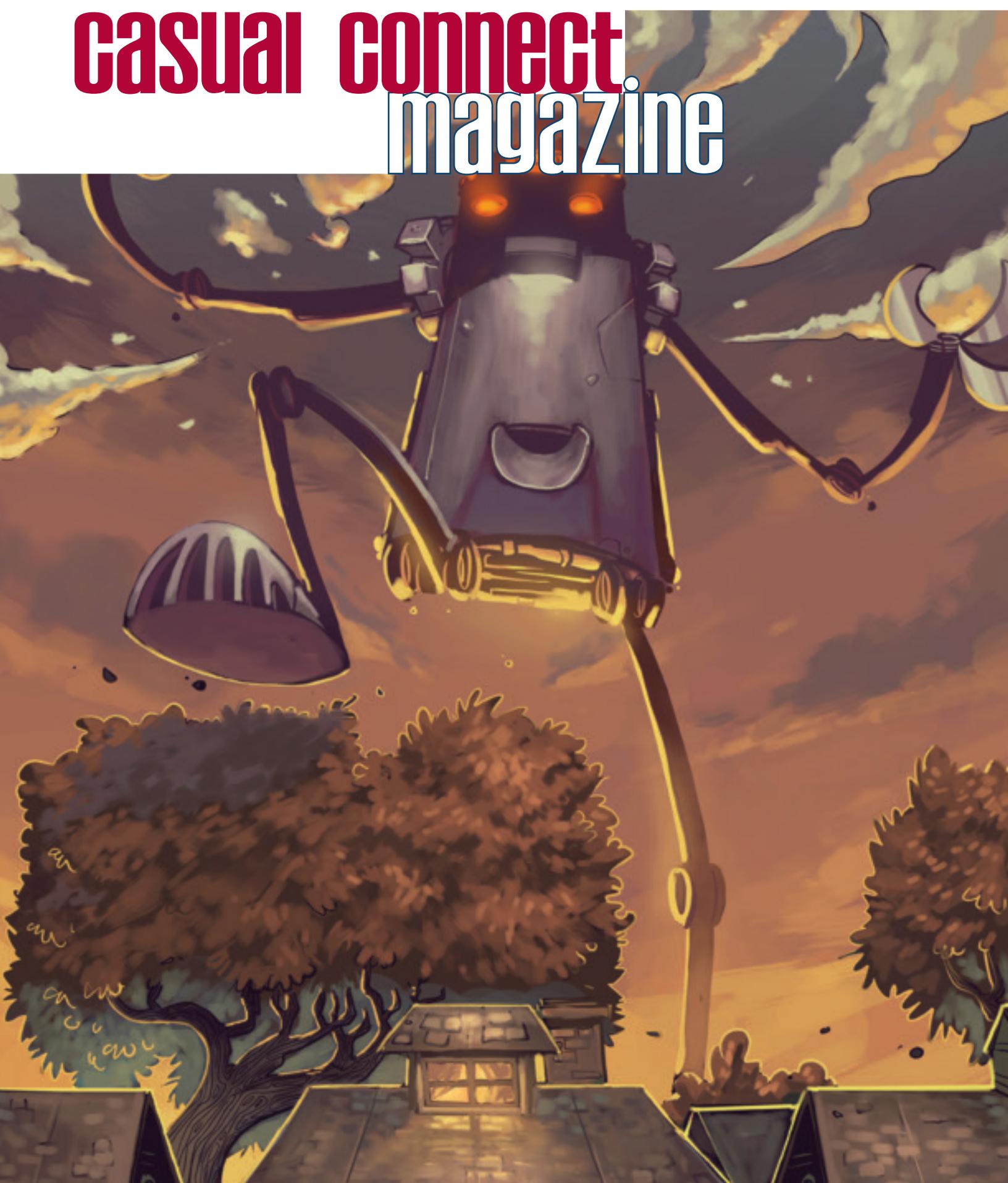




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Fall 2008

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Letter from the Director

Can you believe that Casual Connect Kyiv 2008 represents our third year in Kyiv? Even as I write it I can't quite believe it. Three years! It is amazing how quickly time passes.



When we first decided to expand to Eastern Europe, I had never even been east of Germany. Sure, I had many friends who lived in Eastern Europe and Russia. And it knew that the quality and quantity of games coming from Eastern Europe was undeniably important for the casual games industry. But even so: I had absolutely no idea what we were in for!

And I wasn't the only one. For many of our members from the Americas and Western Europe, traveling to Kyiv was an act of faith and support for the global casual games community. I'm proud to say that three years later it has been the hard work of the professionals in the Eastern European and Russian markets that has made this region a growing success and home to some of the most desirable partners for high quality game development.

As an industry, we've discovered that the differences in time and place which may have seemed overwhelming in 2006 are really not that important in 2008. (Or at least we've found a way to work around them.)

As we look forward to another year of excitement and uncertainty, let's recommit to the principles of cooperation and collaboration that have enabled our fledgling industry to thrive.



P.S. In addition to the great articles you will find in this magazine issue, you can find over 250 past articles and conference sessions online at <http://www.casualconnect.org/content/content.html>. It's really great stuff.

Jessica can be reached at jessica.tams@casual-connect.org.

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Mass market distribution of casual and skill games



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Five Questions

Women at the Top of the Games Industry Tell Us What We Want to Know

Women are playing an increasingly prominent role in the casual games industry, so we thought it might be a good idea to ask them a few questions about their jobs. It was. – ed.

Name: Erin Bell

Company: Gamezebo.com

Position: Editor

Years in the Games Industry: 5

The Next Big Thing: 8-bit revival (Fashion and music go in cycles. Why not games?)

1. **Much of your production process is done by a remote/virtual team. Do you have any advice on managing a virtual project?**

You have to be especially diligent with organization and communication. Emails do disappear into the ether, so it's important to follow up and maintain regular lines of communication to make sure nothing has fallen through the cracks. It's also good to remind yourself that your teammates are real live humans every so often by scheduling phone calls or live instant messaging chats—or even face-to-face meetings if possible.

Virtual teams have the potential to be widely effective, but much of it rests on the individuals and their levels of commitment and trust.

2. **Your team has always focused on PC titles. Do you have any intentions to expand to alternative platforms?**

Simply, we remain focused on PC downloads for the time being because they are the types of games our readers like to play. Wherever casual games go, though, we will follow—whether it's casual MMOs, flash games, consoles, or handheld platforms.

3. **The games industry has always been dominated by men. Do you think the industry should proactively work to broaden its demographics?**

Growing up, I had no trouble finding games that interested me. I've always maintained that one of the biggest problems facing the gaming industry is not necessarily the content of the games themselves but how they're marketed and written about. It's up to journalists and other folks to present games in a way that makes them seem inclusive rather than an exclusive, nerdy niche. We need games to get out of the technology section of the paper and into the entertainment section. Likewise, as games expand beyond hardcore enthusiast publications (which are generally heavily skewed towards males) and find their way into mainstream magazines, I think we'll start to see a wider audience viewing games as a viable career.

4. **What do you think will be the impact of the Wii and the iPhone on the casual gaming industry?**

The Wii has absolutely revolutionized the casual gaming industry thanks to its uncanny ability to draw non-gamers into the fold. In part that is a result of design choices: Its intuitive, uncomplicated controller allows people to use natural motions (like swinging a golf club or tennis racket) when they play. Wii's broad appeal is also due to marketing decisions: Its commercials target non-traditional demographics (like senior citizens and mothers), and its price point is low enough to place the console in impulse-purchase territory for most adults.

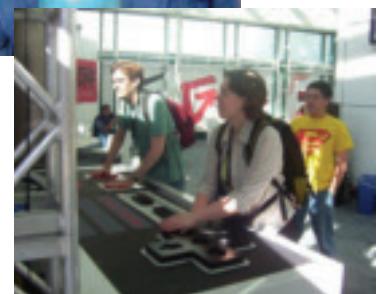
As for iPhone, other mobile devices like Nokia's N-Gage and Tapwave's Zodiac have tried to style themselves as gaming platforms but were not successful—so we'll have to wait and see!

5. **What are the best and worst parts of your job?**

The best part—hands down—is getting paid to do what I would be doing in my spare time anyway: playing games, writing about games, and surfing the Internet. It is also extremely rewarding to get to do a bit of traveling, speak to developers and publishers about what makes them tick, and help to foster an amazing community of players who are crazy about casual games. The most frustrating part is when I have to evaluate a game that has immense potential but doesn't live up to it—often because it hasn't been adequately tested or just seems rushed.



Erin Bell



The best part—hands down—is getting paid to do what I would be doing in my spare time anyway....

Five Questions

Women at the Top of the Games Industry Tell Us What We Want to Know



Adrienne Canfil

I've never thought that being a woman prevented me from pursuing the work I wanted.

Name: Adrienne Canfil

Company: Gaia Online

Position: Lead Producer

Years in the Games Industry: 12

The Next Big Thing: User-created games and worlds

1. *Much of your production process is done by a remote/virtual team. Do you have any advice on managing a virtual project?*

For games, we typically work with self-contained, third-party organizations, while most of our internal teams work in the office. As a small company, we use third parties because it allows us to remain flexible—it makes it much easier for us to expand and shrink depending on opportunities. My advice for working with remote teams is to visit the developers and get to know their production cycles, technical capabilities, and staff.

2. *You've been successful in the games industry for more than a decade. Is it getting harder to come up with new ideas?*

I still think there are a lot of companies willing to take risks, and I've been lucky to work with them. I also think if you look at most of the top games in our industry you'll see that even the "original" ones aren't always completely "original." I think our industry is a bit like the music industry where even the most "unique" songs are rooted in a long musical tradition and great influences.

3. *The games industry has always been dominated by men. Do you think the industry should proactively work to broaden its demographics?*

I think it's already happening! If you wander around the Casual Connect convention you will see more women. While at GDC last year I was surprised to see so many women. Even so, I'd like to see more women producers and designers. I believe once we make more games that women actually like playing we'll see more women attracted to the industry. Perhaps I work in a unique environment here in the San Francisco Bay Area. I've never thought that being a woman prevented me from pursuing the work I wanted. I think our job is one—making fun games.

4. *What kind of an impact do you think consolidation is having on the casual games industry?*

It looks like the casual games industry is starting to have some symptoms of the hardcore gaming industry, such as chasing the "big hit" only in genres with a proven track record. This hinders innovation. Bigger companies tend to avoid risk, but that creates an opportunity for new small companies. I believe it's the new small companies that will foster innovation. I think once you get organizations larger than 100 people they tend not to jell as well.

5. *What do you think will be the impact of the Wii and the iPhone on the casual gaming industry?*

I'm really impressed with the Wii's success in the casual games market. It seems every baby boomer I know owns one and uses it regularly. It's good to see even the traditional game industry is sitting up and taking notice of the huge potential for a new market.

Name: Frédérique Doumic

Company: OUAT Entertainment

Position: CEO

Years in the Games Industry: 15

The Next Big Thing: Social casual games

1. *How have you maintained a viable business as a small studio with the rapid consolidation of the space?*

By keeping our studio flexible and able to seize each new opportunity. We started in 2000 with online games, then went to PC titles, then to interactive DVDs, then to consoles (DS) titles. Two years ago we went back to online games, and we are now also going on connected consoles. Thus our recruitment strategy is based on finding people who are talented and able to adapt to the new opportunities we can bring to them. So my advice is to be flexible and flexible again! And attend lots of great conferences providing insights on the market trends.

2. If you were starting your studio again, what would you change?

I would recruit more women! At the moment, only one out of every six employees at OUAT is a woman.

3. Why did you enter the games industry?

Because I consider gaming as the new media of the century, just like movies were in the previous century. And I find it particularly interesting to see the games industry explode. I am sure that most of the next generation of artists will express themselves through games experiences. We are just at the start of it. Also, I love games because they can be shared—especially with my family!

4. What are the best and worst parts of your job?

The best part is to help our team create great games, to meet talented people, and to deal with great partners. The worst part is the administrative consequences of all these agreements!

5. You have entered a time warp and get to meet yourself before you embark on your career in the game industry. What would you say to your younger self?

Go for it! Take some risks. Your only risk is to learn a lot!



Frédérique Doumic

Name: Amanda Fitch

Company: Amaranth Games, LLC

Position: CEO

Years in the Games Industry: 3

The Next Big Thing: Short term: Adventure; Long term: Romance

1. Much of your production process is done by a remote/virtual team. Do you have any advice on managing a virtual project?

I'm not sure if a virtual team is right for everyone, but it works for my company. We have an internal work site where members chat, submit work, and get all of the latest news about the projects they are working on. With a virtual team, you can hire people from all around the world—geography doesn't limit who can work with you.

The most important advice I can give is to carefully interview the people you want on your virtual team. Professionalism is just as important as talent. Make sure that your virtual team members communicate well. If you submit a request to a virtual member and it takes more than two weeks to hear back, let them go. I don't care how talented they are, communication is important and slow communication with one or two virtual members can significantly slow down your entire virtual team.

2. As a small studio, how have you maintained a viable business in spite of the rapid consolidation of the space?

We take risks that larger companies don't want to take. From my experience, as a company grows larger it is less willing to take risks—and perhaps rightly so since taking the wrong risk could cost hundreds of jobs and millions of dollars.

3. What kind of an impact do you think consolidation is having on the casual games industry?

I think consolidation is neither good nor bad—it is just a natural phase in a business cycle. In my opinion, it is the business practices of those who are left that will determine whether innovation dies or thrives. I still see a lot of innovation occurring. I don't think we will know the full effects of consolidation for several years.

4. Do you think exclusives and limited distribution are good or bad for the casual games industry?

I'm going to discuss this from the angle of the consumer. I think we must put our feet in the shoes of our consumers to understand what drives them. Where would you go if every casual portal sold the same games? Probably to the one that offered the best user experience. What would it take for you to venture out elsewhere in search of games? Probably something unique. A company needs to have something that clearly differentiates itself from its competitors to keep consumers interested.

I entered the gaming industry by accident. I couldn't find any games that I wanted to play, so I made them for myself.

Five Questions

Women at the Top of the Games Industry Tell Us What We Want to Know

5. Why did you enter the games industry?

I entered the gaming industry by accident. I couldn't find any games that I wanted to play, so I made them for myself. I gave them away as freeware until one of them, Ahriman's Prophecy, became extremely popular in the freeware community. I kept getting emails from people who would tell me thank you and that they would have purchased my games. Eventually, the message sunk in, and I decided to turn my passion for games into a career. Amaranth Games was born, and here I am today.

Name: Nancy Han

Company: Microsoft; Microsoft Casual Games

Position: Site Production Manager

Years in the Games Industry: 10

The Next Big Thing: Online social networking in games

1. Big companies often have problems fostering innovation and moving quickly into opportunities.

How have you been able to foster innovation and keep your team on the cutting edge?

Being part of an innovative company like Microsoft, our games division is able to create fun and unique games with online services. In the Microsoft Casual Games group, we've provided different ways for individuals to play casual games: through MSN Games and Windows Live Messenger. On MSN Games, players can choose different ways to play: the standard free online and download games, or our unique multiplayer experience which allows players to invite a friend via Messenger.

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Our team is constantly researching all the different ways that people play games and where they play. We think about: "What devices do people use when they're sitting on a bus or waiting for a plane?" or "How can we connect family and friends for a game of chess when they turn on their TV?"

So when you combine this thinking with the different technologies and software that Microsoft provides, that's how we're continuing to foster innovation.

2. *The games industry has always been dominated by men. Do you think the industry should proactively work to broaden its demographics?*

The engineering and software development field is still dominated by men especially within the game development community. We need more female game developers and program managers who have a vision for casual games. Having a mix of both men and women in the workplace positively impacts the product development. Studies show that men and women think differently and approach problems differently. When you take the diversity of thoughts and creativity and put that into your game, you'll get a game that appeals to everyone.

I believe it is our responsibility to evangelize to young women that working in the casual games industry is fun, creative, and impactful. There are not many female game developer role models that young women can look up to. When I take my two young sons to chess tournaments, I'm saddened to see that there are only a handful of girls participating.

At Microsoft, we recognize the importance of providing many diverse groups the opportunity to engage in technology, which is why there are programs like DigiGirlz. A colleague of mine brought in some students from the DigiGirlz program for a Microsoft Games Studios tour, and they were excited to learn about all the different game careers at Microsoft. Making that connection with young students is really inspirational because it gets them thinking: "I love to draw and I have some ideas for some fun games."

I'm hopeful that with established programs like these and more women entering into the technology field, we'll start to see more professional women in the casual games industry.

3. *Why did you enter the games industry?*

I LOVE GAMES!! I can't remember a time when I didn't play games. My parents started playing board games with me when I was three years old, and I have played all sorts of games ever since: *UNO*, *Chess*, *Age of Empires*, *Rise of Nations*, *Chuzzle*, *Hearts*, jigsaw puzzles, competitive varsity quiz bowl. You name it, I'll play it. Most evenings after dinner my family, which consists of players from age five to 82, will play a really fierce game of *UNO*. Talk about a casual game that's fun for all ages.

When a Microsoft colleague recommended me to MSN Games team (formerly Zone.com), it was kismet. I'm proud to tell others that I work in games, especially my two boys. Being in the games industry is not just about entertainment. Games also provide an opportunity for social networking, a chance for individuals to take a break in their day and wind down, and a fun way to develop cognitive skills. I'm so fortunate to be able to work on MSN Games and Messenger Games that reach so many people from around the world.

4. *What are the best and worst parts of your job?*

The best part of my job is working with a talented team of individuals who are passionate about building the best online games website. I also like being able to make a difference in our player community. I love getting letters from our players who tell us how our site is not just a place to play, but it's a place where they come to take a break from whatever is going on in their daily life.

I do wish that there was more time in the day to work on all the terrific ideas.

5. *What kinds of challenges have you faced in this industry?*

The challenge that we've faced is continuously keeping up with the fast-paced competitor game and website development cycle while maintaining a high quality standard. Social networking and competitor game sites are launching simple game applications that take off quickly but don't necessarily offer long-term play. People want easy-to-learn, quick-to-play games—so long as they still offer that extra challenge to keep them engaged. That's not an easy thing to do,



Nancy Han

*Having a mix of both
men and women in the
workplace positively impacts
the product development.*

*Studies show that men and
women think differently
and approach problems
differently.*

Five Questions

Women at the Top of the Games Industry Tell Us What We Want to Know



Alla Khramtsova

I am totally amazed by the fact that the industry is dominated by men—simply because, as a side-effect, there is so much opportunity for smart women to succeed. Since there are so few of us, we are appreciated more.

especially if you're trying to introduce a new game mechanic. Conceptualizing and developing a casual game and a dynamic website takes a lot of time.

Name: Alla Khramtsova

Company: INTENIUM GmbH

Position: VP Business Development

Years in the Games Industry: 5

The Next Big Thing: "Deep 3D" interactive games (Guess what—we are working on it already!)

1. **Your team has always focused on PC titles. Do you have any intentions to expand to alternative platforms?**

We stay focused on the one and only platform that is as widespread as snack and food shops. It's all about notorious ROI and economies of scale. However, we did expand our business to cover one of the highest potential platforms for casual games: Nintendo DS and Wii.

2. **The games industry has always been dominated by men. Do you think the industry should proactively work to broaden its demographics?**

To tell the truth, I am totally amazed by the fact that the industry is dominated by men—simply because, as a side-effect, there is so much opportunity for smart women to succeed. Since there are so few of us, we are appreciated more. However, it takes time for some men to learn to take a woman in a managerial position seriously.

We already see a lot of women entering the games business. I think that as we keep on driving awareness that this industry is growing fast and that there are many casual games played by families and adored by women, women will begin seeking a career in this field—instead of just getting into this business accidentally, as it happens these days in most cases.

3. **Do you think exclusives and limited distribution are good or bad for the casual games industry?**

Exclusives in general are cool. Exclusive means "limited." For the casual games industry, the only exclusive I feel is totally right is one which is limited to one or two months at most. But the publisher who receives such an exclusive should invest something into the product before it is released in order to prove its concept will be a success.

Of course, there are two sides to this coin. Seen one way, an exclusive arrangement is a great solution for the developer who only wants to develop games and not be overburdened with the many contracts required for broad distribution. A good publisher can do a much better job than a small developer could ever do for the game because the publisher already has established contacts, contracts, and workflow.

Seen differently, exclusives limit the possible return on the resources invested into the production of the game. While a developer may count on the publisher to make every effort to promote its game, the publisher may be unable to fully meet those expectations as it may be working simultaneously with several other developers who have similar expectations for their games. Meanwhile, the publisher is striving to increase its share of the market, to drive out competitors, to get better profit result for its shareholders, and so on. In such cases, a game may not get the full attention the developer thinks it deserves.

4. **Why did you enter the games industry?**

Frankly, I didn't enter it, it entered me. I thought it would be just a job I would keep for several months until I could get back to teaching in the university, but working with games turned out to be the love of my life.

5. **What are the best and worst parts of your job?**

The best is its dynamics. The worst is to see that the game you licensed from a developer or the game into which you invested a lot of heart and time is not performing as expected. That really hurts—whether you invested your own money into it or not. It just hurts.



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Five Questions

Women at the Top of the Games Industry Tell Us What We Want to Know

Name: Cherie Lutz

Company: Microsoft

Position: Business Development Manager, Xbox Live

Years in the Games Industry: 10

The Next Big Thing: The age of digital distribution is upon us.

1. **Big companies often have problems fostering innovation and moving quickly into opportunities. How have you been able to foster innovation and keep your team on the cutting edge?**

Microsoft is a large company, but the Xbox Live Arcade business is still small enough that we can have a direct one-on-one relationship with each of our partners. We realize that our business is, in a large part, dependent upon those relationships—as it is our developers that are bringing us great games for our service. My continued goal is to have Xbox Live Arcade be the destination spot for both established developers and indie developers. I want us to continue to add on to our existent library of diverse, blockbuster games with more fun and innovative titles.

2. **The games industry has always been dominated by men. Do you think the industry should proactively work to broaden its demographics?**

While I agree that there are a lot more men than women in the gaming industry, I see that changing year by year. For example, five years ago I was definitely the only woman in most meetings and in the minority at industry events. Today, I look around and see many more women involved in all aspects of the gaming industry including business, marketing, production, and test. Games appeal to both women and men, so why wouldn't women want to be part of this industry?

3. **Why did you enter the games industry?**

I entered the game industry because I enjoy playing games. I still get to do that every day.

4. **What are the best and worst parts of your job?**

The best part of my job are the individuals I get to work with within both Microsoft and the development community. The gaming industry is made up of smart, creative and very passionate individuals. There is great satisfaction in working with a developer from the point that their game is just an idea on paper to the end result: a fantastic game. I think the hardest part of my job is turning down games that developers have clearly invested a lot of effort and time into. Unfortunately, games are not "one size fits all" for the platforms we support. While I am in the position of having to reject games, my hope is that I am ultimately helping those developers build a better game down the road based on our feedback.

5. **What is the most common mistake people make when pitching their games to a distributor?**

Number one would be lack of competitive analysis. I would advise developers to carefully look at their "comparables" and clearly define how their title stands out from the competition. And number two would be lack of pitch materials. A great pitch includes a game overview document, visuals and a demo if possible.

Name: Susannah Skerl

Company: Hothead Games

Position: Producer

Years in the Games Industry: 11

The Next Big Thing: Casual developers becoming less anonymous

1. **Big companies often have problems fostering innovation and moving quickly into opportunities. How have you been able to foster innovation and keep your team on the cutting edge?**

A lot of games fall into two categories: those with hardcore mechanics requiring a daunting time commitment, and casual games which, while enjoyable, are decidedly lighter fare. Hothead's games seek to fill the space in between.

We make games that are accessible, easy to pick up and play, and can be completed in a reasonable number of hours. Our titles also offer a level of game-play depth and production quality that experienced gamers may find lacking in the casual space.



Cherie Lutz

Five years ago I was definitely the only woman in most meetings and in the minority at industry events. Today, I look around and see many more women involved in all aspects of the gaming industry.

Five Questions

Women at the Top of the Games Industry Tell Us What We Want to Know



Susannah Skerl (left)

I encourage women to be vocal about when companies succeed or fail at reaching them. I make a point of supporting companies that speak to me—by buying their games, posting to their forums, and talking to their dev people when I can.

2. Much of your production process is done by a remote/virtual team. Do you have any advice on managing a virtual project?

We have effectively used art outsourcing in the past as a means of executing a large amount of work quickly while respecting our mandate to keep internal headcount to a reasonable number. Carefully choosing your art outsourcing partners is crucial to making it work, particularly if your project is not photorealistic. Get art tests out to the companies you feel are most likely to become your provider, and oversee the results carefully.

Additionally, it is encouraging to everyone when you open lines of communication early and factor in iteration time so that providers are able to do their best work.

Finally, when you have a point person who is an effective communicator, supportive, mindful of schedules, and great at giving measured feedback, it ensures that things run as smoothly as possible.

Outsourcing is not a magic bullet, as other tech industries have learned in the past. Flexibility and cost savings are definitely on offer, but there is always a trade-off required. I think developers that fully understand the importance of communication and coordination necessary can come away very satisfied from outsourcing, while others may ignore the realities to their detriment.

3. The games industry has always been dominated by men. Do you think the industry should proactively work to broaden its demographics?

I taught game studies for several years and I feel confident from my experience with female students that young women are being proactive in their own rights, going after their dreams of being artists, programmers, designers, etc.

I think gender bias in game development will balance out over time, in part because women who might not have connected with the more "hardcore" genres in the past (those aimed at teenage boys) now see opportunities to make the games they like to play—just as the earliest generation of gamers did.

Publishers are already trying to tap new demographics, so they recognize this is happening. I encourage women to be vocal about when companies succeed or fail at reaching them. I make a point of supporting companies that speak to me—by buying their games, posting to their forums, and talking to their dev people when I can.

4. What are the best and worst parts of your job?

Working at an independent development studio can be really rewarding. The best part of my job is the variety of things that I do in support of keeping things running—never a dull moment. The toughest part of the job is disconnecting from it—it's sometimes hard to wind down after a particularly busy day, so you learn little tricks for relaxation. Vancouver's a beautiful city, so there are tons of great places to visit when you need to get away from your desk for a bit.

5. What is your proudest moment or achievement?

When my mother realized that both her daughters were making a real go of things in game development, which was totally to her credit.

Growing up, my family didn't have a lot of money and my mum was a single parent. She recognized that my sister and I were fascinated by video games and computers and went out of her way to scrimp and save so that we could develop our interests. To this day, Mum probably has somewhere in her basement an eBay treasure trove of all my Intellivision and C64 junk.

Name: Brenda Bailey

Company: Deep Fried Entertainment Inc

Position: Managing Partner / C.O.O.

Years in the Games Industry: 3

The Next Big Thing: Interesting Wii titles using the balance board

1. What are the best and worst parts of your job?

There are a lot of aspects of my role that I really enjoy. Deep Fried has attracted a very free-spirited, creative, dedicated type of personality, and I love being around all the creativity in this

studio. I have amazing partners, Brian and Steve Tolin, and it's great to work closely with like-minded people. There is very little (if any) conflict in our vision and goals for the company, and we are all enjoying what we do. I enjoy traveling to the various game events, and this year am attending Leipzig, TGS, MIGS, GDC, and, of course, our hometown show: Vancouver International Game Summit.

The worst part of my job is when we are unsuccessful in matching a candidate to the position we need filled, and we need to terminate their employment.

2. *What is your proudest moment or achievement?*

That's hard to say. I'm really proud that DFE is growing into the company we want it to be, although we still struggle with being able to land contracts that allow for an appropriate development cycle instead of a mad rush to push a game through. I've got a hugely talented team, and I work hard to get them product that they can sink their teeth into. When we sign a six-month contract for a full game, I know we won't be able to deliver up to our level, but sometimes there are other gains to be had, like an opportunity to work with a particular license, or a chance to build tech during the project. I think we have done a good job of sticking to our business plan, of growing carefully and slowly, and of being very selective in our hiring and in what projects we work on. We've turned down a serious amount of shovelware, and I'm working hard to sign a deal that allows us enough time to build a great title, worthy of this talented team.

3. *What kinds of challenges have you faced in this industry?*

I ran into a lot of sexism when I first joined the game industry. I've talked about some of these experiences at conferences and with other women in the industry, and there are many similar stories out there. The reality is, we have a ton of great guys working in this industry, but they have not had to pay attention to their behavior because the industry has been so male-dominated. Just look at the numbers in Game Developer magazine each April—males still make up 93% of engineers! That's crazy. We have to get more women interested in coding. I think as more women join the industry, the guys will necessarily have to clean up their act, which is a good thing for everyone involved. Sometimes it feels like a bit of a frat, but I've found as we have hired more women (we are now four of 30) we have seen that settle down and the space has become more woman-friendly. I really like working in the industry now, but I didn't in the beginning.

4. *What trends do you foresee in the game industry?*

I love the trend toward downloadable games. There are so many success stories emerging that anyone who does not see this as the future of games must be living on another planet. I've been watching the valve model closely, as well as PSN, XBLA and Wii-ware.

I also like where the casual games industry is going. I think it's a great thing that casual games appeal to a broader spectrum of society and will help us grow new communities—including more women. I really hope to see more women join the industry as business people, engineers, and designers—not just in the traditional roles of artist, marketing and PR, and HR (all important roles, but let's get into the other areas too). There is a lot of room for women to define their own gaming space, and I look forward to that continuing to grow with great excitement. I know it is a controversial statement, but I really believe that we will successfully develop great games for women only when we have great women developing games. It's about loving the product you are working on—and with the vast majority of developers being men, games for women very often miss the mark. They aren't being developed by people who are passionate about the property, and I think that often shows.

5. *You have entered a time warp and get to meet yourself before you embark on your career in the game industry. What would you say to your younger self?*

Do a degree in computer science, focusing on developing strong C++ skills. Follow that up with an MBA in technology management. The world is your oyster!



Brenda Bailey

*Sometimes it feels like a
bit of a frat, but I've found
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settle down and the space
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friendly. I really like working
in the industry now, but I
didn't in the beginning.*

Five Questions

Women at the Top of the Games Industry Tell Us What We Want to Know

Name: Jane Jensen

Company: Oberon Media

Position: Co-founder, game designer

Years in the Games Industry: 18

The Next Big Thing: Casual game communities and playing games across all platforms.

1. **Much of your production process is done by a remote/virtual team. Do you have any advice on managing a virtual project?**

It always takes more investment the first time around, establishing and understanding what will be delivered in terms of quality and style. But once you have gotten into a groove, successive games are much easier.

2. **How have you maintained a viable business as a small studio with the rapid consolidation of the space?**

I'm fortunate to have great partners and a great team at Oberon, and we have focused on growth that's based on distribution, strong partnerships, and most importantly, high-quality games. From a studio content standpoint, it's a matter of consistently putting out good product and holding the studio to a high standard. We've also had the chance to work with some very strong licenses, such as James Patterson and Agatha Christie, and that has helped us establish Oberon Media and I-play as top quality brands in the casual games space.

3. **Why did you enter the games industry?**

I discovered adventure games in my mid-twenties and became addicted. At the time I was a systems programmer with a desire to be a novelist. Adventure games combined both of these passions, and I saw potential for much more complex stories to be done interactively.

4. **What are the best and worst parts of your job?**

The best part is reviewing art and play-testing the games along the way. I really enjoy the creative aspect of product development. The worst part is the incessant production schedule. It's a compromise all creatives face, but it can really suck.

Don't second guess yourself. If you have a creative idea for a business you really believe in, go for it!

5. **What kinds of challenges have you faced in this industry?**

The biggest challenge of my career has been finding a viable way to create the kinds of games that I'm interested in creating—and playing. I'm not interested in shooters, role-playing games, or simulations. For years these were the only kinds of games you could get a publisher interested in. I have talked to screenplay writers and it's the same in that industry. It's just difficult to get an original project done because the costs are so high and at a lot of companies, marketers run publishing decisions. I've been fortunate at Oberon to find an outlet in the casual gaming space. I'm also working on a big adventure game in Europe, where that style of game has had a comeback. So I guess it's a matter of waiting for things to come around again and of taking advantage of new spaces—where opportunities may be smaller but there's room for originality.

Name: Kyra Reppen

Company: Nickelodeon, MTVN Kids & Family Group

Position: SVP, GM, Nickelodeon Kids & Family Virtual Worlds Group

Years in the Games Industry: 8

The Next Big Thing: Virtual worlds

1. **Why did you enter the games industry?**

I stumbled into the games industry from my experience online. I was creating web experiences for kids and parents in the late '90s for Nickelodeon and was always interested in interactive play experiences. Since play is what kids do for a living, games became the killer application for them online, and we began focusing development on games. I

believe games are the next generation of entertainment and provide an incredibly exciting industry in which to work.

2. **What are the best and worst parts of your job?**

I'm inspired by my team and their excitement when the content they make connects with the audience. The best part of my job is working with such a talented group who takes such pride and joy in their work—from creative to technology. The worst part of the job is the frustrations that come from production road-bumps when we are trying to innovate.

3. **What is your take on the relationship between virtual worlds and casual games?**

Both are on the continuum of a media transformation going on right now. Virtual worlds and MMOGs are games converging with social media and have historically required more commitment from a player. "Casual games" is a loose term for game snacking. I expect the distinction between the two will continue to blur.

4. **What trends do you foresee in the game industry?**

We'll see more ways to put ownership, control, and content creation in the hands of users, following the user-generated content trend. Accessibility will remain an important issue as the way in which we use the browser evolves. Expect to see a lot more browser-based social games, for example. Mobile is another area of innovation in the connected gaming arena. Business models are evolving with the expansion of virtual item sales in the U.S. Also expect to see an explosion of virtual worlds addressing different stories, genres, features, and play-patterns—not unlike traditional entertainment, such as movies and TV.

5. **You have entered a time warp and get to meet yourself before you embark on your career in the game industry. What would you say to your younger self?**

Don't second guess yourself. If you have a creative idea for a business you really believe in, go for it! ■

Peering Over the Precipice of Darkness

Lessons in Digital Distribution

Our recent release of *Penny Arcade Adventures: On the Rain-Slick Precipice of Darkness, Episode One* was a watershed event for us at Hothead Games. Not only was it our first title released as a studio, but it was a test of several digital distribution markets that we have made our focus as a studio. We released the game simultaneously for Windows, Mac, and Linux through our own distribution portal, Greenhouse (playgreenhouse.com), alongside a version for Xbox Live Arcade. We followed shortly with releases on other PC digital distribution services like Steam, with the PlayStation Network following this Fall.

Delivering games digitally means developers can create games with much lower break-evens than usually seen in traditional retail.

many games in the Arcade catalogue are retro games or ports of games already released on other platforms. Second, in a catalogue filled with games with "E" and "T" ratings, the game stood out with its ESRB rating of "M" for Mature. Lastly, it was the first Arcade game to sell for 1600 Microsoft Points, or about \$20. Most games on Arcade sell for \$10 or less, with a few, more premium titles being offered for \$15.

Breaking new ground like this on Live Arcade was risky. We were originally interested in shipping on the service because we were confident there was a healthy overlap of Penny Arcade fans and Xbox 360 owners. But the large majority of games offered on Arcade are smaller, simpler, and lower priced than the Penny Arcade game. Our initial worry was that this had positioned the expectations of Live Arcade players to be unreceptive to what we were offering. When we announced the \$20 price several weeks prior to launch, the response of PC players and Xbox 360 players to the news was quite a contrast. On the PC side, gamers seemed to view \$20 as an excellent value considering the size and complexity of the game. When discussing the Xbox Live Arcade version, however, the most common response we heard was that 1600 points seemed "kind of expensive for a Live Arcade game." The consternation in the forums seemed to center around fears that a precedent for higher priced games on Arcade was being set. These comments rarely included mention of the length or quality of the content of the game itself, which stand in sharp contrast to the commonly-held notion of what constitutes a "Live Arcade game."

In the end, the launch was a success, and we were happy with the sales on all platforms and with the critical reception to the game. But the discussion our title generated in the lead-up to launch was instructive about the future of digital distribution on consoles. Many following these developments are asking: Will digital distribution on consoles continue to be restricted to small, simple games like those that dominate Live Arcade, or will digital delivery keep growing until buying boxed games at retail is the exception rather than the rule?

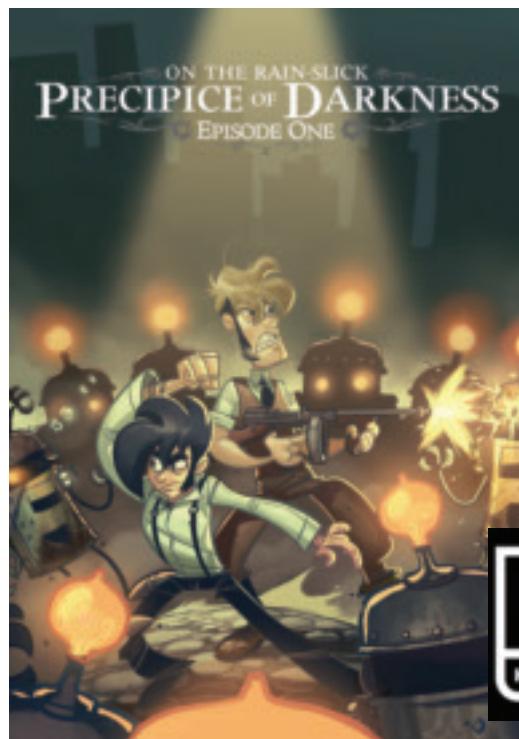
I believe digital distribution will have a significant impact on the video game industry over the coming years. As gamers become more accustomed to downloading as a delivery mechanism and broadband

As a studio focused entirely on digital distribution, we consider ourselves to be platform-agnostic, which means that, where possible, we make our games available on both PC and console. Because of this focus on multiple platforms, it was particularly interesting to see some differences in how people perceived the value of the game we were offering on console versus PC.

The release of our game on Live Arcade was unusual in a number of respects. First, it was one of the first times an original game launched on the service at the same time as other platforms;

By Joel DeYoung

Joel DeYoung is the COO Hothead Games and Producer of On the Rain-Slick Precipice of Darkness. Joel started programming as a kid, but still marvels that he gets paid to make videogames. He has filled roles as lead programmer, technical director, and producer. Joel has devoted his free time to designing and implementing flight simulation software and has participated in the development of an online community focused on air traffic simulation. He holds a Masters of Science in Computer Science from the University of British Columbia. Joel can be reached at joel.deyoung@casualconnect.org.



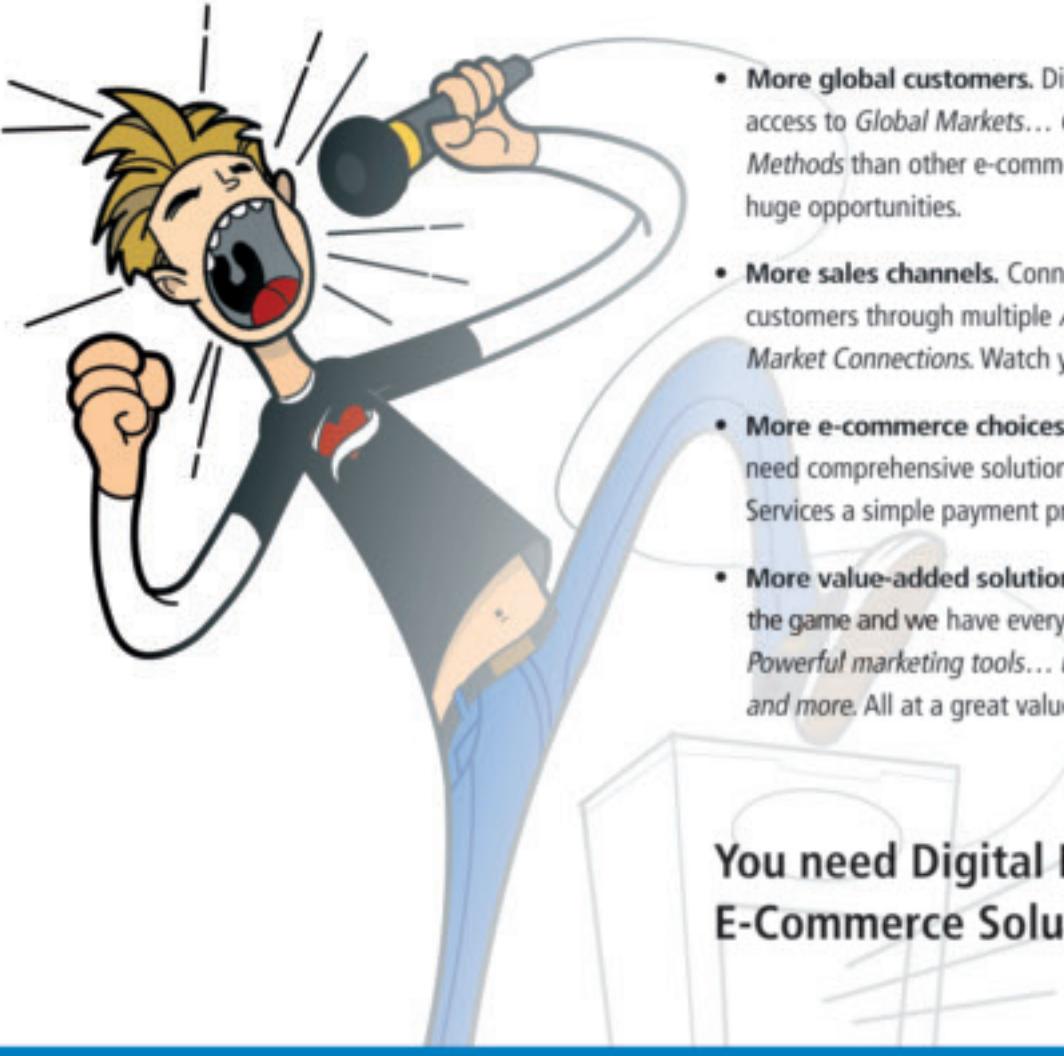
In the first part of Penny Arcade Adventures: On the Rain-Slick Precipice of Darkness, two heroes, Gabe and Tycho, are saving the world from the juice extractor invasion.



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Peering Over the Precipice of Darkness

Lessons in Digital Distribution

penetration continues to grow, larger and larger games will be sold over the Internet—either in conjunction with retail releases or as titles sold exclusively in digital form. The launch of *Episode One* of the Penny Arcade game on Live Arcade is just one example of how this is changing. Microsoft is now offering full-sized original Xbox games, and Sony recently released the first disc-sized PS3 game on the PlayStation Network. Over time, any notion that downloadable content is exclusively associated with games of smaller scope or simpler content will fall away. Distribution channels that continue to focus solely on this smaller end of the market face the risk of being left behind.

All of this is great news for developers, of course. Selling directly to gamers opens up all kinds of possibilities for new and innovative game-play. Delivering games digitally means developers can create games with much lower break-evens than usually seen in traditional retail. This opens the door for creating titles with content or game-play innovation that restricts their appeal to smaller niche audiences—titles that many big publishers used to avoid. Games can now make a decent profit selling a fraction of the numbers required at retail.

At Hothead Games, we are focused on medium-sized games: ones that are larger and more involved than what many would consider a traditional casual game, but smaller and less daunting than tent pole blockbusters whose budgets and schedules have ballooned larger and larger with each successive console cycle. It's our digital distribution focus that has made a title like the Penny Arcade game possible. Recent innovations like *fLoW*, *Audiosurf*, and *Braid* are additional examples of games that would never have been released if traditional retail were the only viable distribution method available.

Considering ongoing shifts in other sectors of the entertainment business, these developments should come as no big surprise. Think about the profound and tumultuous changes in the music business over the last decade. The larger data sizes involved with video games mean that the effects on our business will lag behind those in the music industry, but make no mistake: Digital distribution is the future for entertainment. It will make it difficult for some established players to maintain their current dominance, but at the same time it will open doors for new entrants to the market.

It is an exciting time to be making games, and digital distribution will continue to pave the way for indie developers to bring innovative designs to a gamer public hungry for something new. ■



Digital distribution will have a significant impact on the video game industry over the coming years.



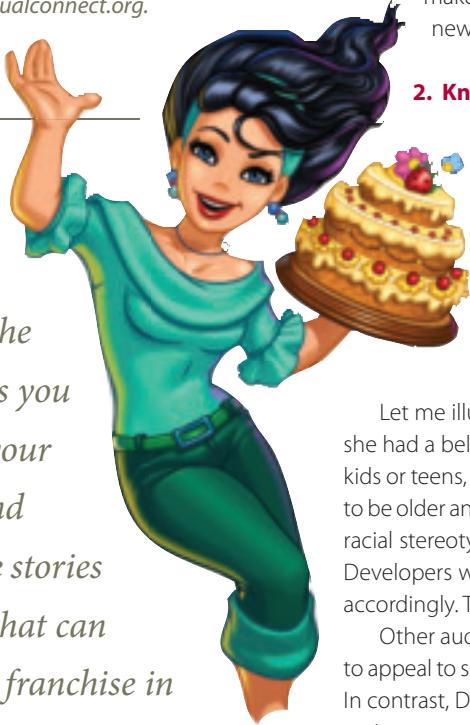
It's More than Localization

The Three Commandments of Culturally-appropriate Content

By Daniel Bernstein

Daniel Bernstein established Sandlot Games and has served as founder and CEO since its inception in 2002. Daniel is a veteran of the gaming industry and has over twelve years of content strategy, game development, publishing, and production-related experience having successfully launched over 20 game titles with Kesmai Studios, Monolith Productions and WildTangent. Prior to starting Sandlot Games, Daniel held the position of director of product strategy at WildTangent, where he devised and executed a successful online fee-based games business. An accomplished composer, Daniel also writes music for most of the games developed and published by Sandlot Games. Daniel holds a BS in Computer Science and an MA in Music Composition from the University of Virginia. Daniel can be reached at daniel.bernstein@casualconnect.org.

People really want to relate to the characters you put into your games, and believable stories are ones that can help your franchise in the long run.



Meet Daniel Bernstein. Daniel was born in what was Leningrad, USSR, and he came to the United States with his parents in 1979. He currently resides in the state of Washington where he works as the CEO of Sandlot Games Corporation, which has headquarters in Bothell, Washington and a development studio in St. Petersburg, Russia.

Given Daniel's background, it occurred to us that he might be able to offer some especially good advice to eastern European game studios interested in making games for the US markets. So we asked him for some tips. —ed.

My advice is pretty simple. Most of the localization mistakes I see—repeatedly—fall into one of three categories: Language, Audience, and Passion. When a localized game fails to reach its full potential, it is almost certain that it has violated at one these basic commandments of culturally-appropriate content.

1. Know Thy Language

More than one great game has been plagued by bad translations. As games get more intricate, story and character becomes more and more important. Therefore, bad translations can undermine the believability of your game and kill your product. For example, descriptions in hidden object games that do not reflect the actual object can actually hurt the user's experience in the game. A turn-screw is not the proper definition of *отвертка*—regardless of what the dictionary might say (actually, it's called a screwdriver). Likewise, a success screen entitled "Total Objects Caught" will tend to annoy the user instead of rewarding him or her. As the casual market evolves, and story becomes more important, bad translations will become more and more of a barrier to the success of your game.

The symbols of a culture also need to be taken into consideration. While in Russia and Europe the currency symbol is often placed after a number, in the US it is always placed before. Making that simple adjustment to conform with localized standards will always make the game more believable. So it is that in France you might write a thousand like this: 1.000; but in the United States, you would always write a thousand like this: 1,000. Making the switch from the decimal to a comma

makes a difference between the cost of a cup of coffee (around \$1.00) and the price of a new laptop (\$1,000 or so).

2. Know Thy Audience

At this point it is common knowledge that in order for your company to be successful, you need to be able to reach a wide audience. For many, the primary market is within US and Canada, with a growing contingent in Western Europe. For example, our internal census indicated that 85% of paying customers come from North America, with the rest spread out primarily between Western Europe, Australia, and (to a lesser extent) Asia. You need only spend a few minutes in the United States to realize that U.S. consumers are very different from the people back home in, say, St. Petersburg. So you'll need to invest some time (and research) in understanding those differences, including what drives various consumers to buy your game.

Let me illustrate why this is important. When we first received a render of Jill from *Cake Mania*, she had a belly shirt and a big chest. While that first version of Jill may have been OK in a game for kids or teens, our game was intended for a very different audience. Our target for *Cake Mania* tends to be older and interested in more realistic portrayals of women. Similarly, game content that reflects racial stereotypes suggest a misunderstanding of the cultural diversity of our American audience. Developers who take the time to become familiar with local sensibilities adjust a game's imagery accordingly. Those small adjustments can mean the difference between success and failure.

Other audience considerations are more subtle. For instance, in the United States Anime tends to appeal to somewhat younger players—so in general it will attract a smaller, more niche audience. In contrast, Disney/2D animation has long-standing roots in the US, and 3D has finally entered the mainstream consciousness with the success of Pixar's film releases. Either of those styles will draw

a wider audience in the US market than anime. In addition, photorealistic images work especially well in story- and adventure-driven games as they tend to mirror the success of reality and crime dramas so popular with U.S. audiences.

Finally, another way to connect with your audience is to write stories that matter to them. People really want to relate to the characters you put into your games, and believable stories are ones that can help your franchise in the long run. Take note that in popular fiction and movies, it's usually a character's story that drives the success of a popular franchise. For example, our title *Super Granny* (which is made in Poland by the way), is popular not because it excels at game-play. In fact, the game is a very hardcore-ish platformer with keyboard controls. However, the game's character, Super Granny, is an empowering protagonist that our older female demographic can relate to. Likewise, in *Cake Mania*, we tried to grow Jill from a young college graduate to a world traveler—all the way to her wedding day. Make characters relate directly to your audience.

3. Know Thyself

Every studio has its strengths and passions. You know yours better than anyone. Acknowledging those capabilities and preferences will help you choose game concepts that your team can put its best effort into. For instance, if you build a hidden object game even though your team has a distaste for the genre, that distaste will be apparent in the quality of the final product. In contrast, when you create a game that everyone believes in, the passion shines through. Take it from one who has reviewed dozens of games. I



The secret of Super Granny, hardcore platformer with keyboard controls, is its main character, which appeals to an older female demographic.



can always tell the difference between a labor of love and just plain labor.

If you are not crazy about a game you are building, don't build it. If a story you are putting together is an afterthought, customers are likely to see it that way. Game development is an art. It should be treated with care and approached with passion.

A Final Word of Advice

If you are separated from your target market by thousands of miles and untold cultural barriers, find a partner who can help you understand the market and can bring your creation to life. Good, value-added publishers, consultants, and testing facilities can help you focus on what's important so that you can create well-written, well-conceived, culturally-appropriate games that will maximize your creation's revenue potential. ■



Above: Jill, a young graduate of culinary school, starts her career by opening her own bakery.





Studio

- Casual game design and development.
Platforms supported: Windows PC, X-Box Live Arcade, Mac and iPhone
- Experienced team of producers, designers, artists and programmers

Flash Studio

- Online game development, multiplayer games and tournaments
- Extensive game prototype testing through real-life gaming community

Wellgames.com

- One-of-the-kind portal with unique selection of web multiplayer casual games
- 35 high-end flash games for game portals and social networking sites

Distribution Channels

- Popular game portals with 8-year history and loyal audience: Absolutist.com, Gammemile.com, Gameyard.com, Absolutist.ru, Absolutist.de
- Bestselling original and licensed titles localized to many languages

A new approach in casual game development

Giving Your Brain a Workout

How Brain-fitness Games Help People Goof Off Productively

You're at work, introducing a new employee to a co-worker, and you momentarily forget her name. Or you go to the grocery store to pick up something "urgent," and you aimlessly wander the aisles trying to remember why you're there. Sound familiar? As we age, we generally find our brains becoming less and less reliable, and at some point we may cross a threshold and momentarily worry that this might be a trend. But the real question is: What can we do to keep our brains sharp?

There are many things we might do to challenge our brains. We could enroll in an advanced math course, or read the Webster's Unabridged Dictionary from front to back. Or perhaps a more appealing option might be to play any of the growing number of brain-fitness games that are popping up in a variety of areas, including online, on CDs and DVDs, and even on game consoles. If you're going to do something healthy, you might as well enjoy yourself in the process.

Brain-fitness games have a strong foundation in science and offer a varied and complex workout across multiple areas of the brain. Although these games rely on science in order to be effective, for them to gain mainstream acceptance they must also be entertaining and engaging. And the more "casual" they can be, the better, inasmuch as casual games place a premium on fun and accessibility across a broad audience, including those who are new to gaming. The engagement and polish of a well-designed brain game not only has the potential to interest a large demographic, but can also help players find motivation to exercise their brains on a regular basis.

Brain-fitness and Casual Gaming

Explosive growth continues to bring a great deal of diversity into the casual gaming industry, including new genres, distribution models, platforms, and input devices. As a result, the demographic continues to expand, creating more opportunities in areas that were previously considered too small

or niche to reach the mainstream. With genre-creating titles like *The Brain Age*, *Wii Fit* and *Guitar Hero* enjoying blockbuster sales, more and more people who haven't traditionally considered themselves to be "gamers" are getting actively involved in games on a regular basis. That's great news, not only for the existing industry, but also for new companies and business models that push the boundaries of what we currently refer to as "games."

There is a large segment of the casual audience, generally within the baby boomer demographic, who might enjoy playing casual games but didn't grow

up with electronic games. Consequently, such people lack interest in games or see them as "time-wasters" that don't offer enough "value" to be a regular part of their daily lives. However, the recent surge of health-oriented games has generated new interest, bringing more people into games and shifting the perception that games offer only entertainment.

Brain-fitness games in particular are a great fit for these truly casual audiences, as the 30+ crowd that makes up the core casual demographic is also more likely to consider the importance of keeping the mind sharp. The online space, with its ease of access to so many people, is the perfect place for people to play fun, healthy games that stimulate the brain. What's more, playing scientifically-based brain games has more potential to be perceived as a productive use of time.

Strengthening the Mind by Increasing "Brain Reserve"

One of the essential concepts at the core of brain-fitness is the concept of "brain reserve," which is also related to the concept of brain plasticity. At nearly any point of your life, you can strengthen your brain reserve by doing tasks that are novel and complex and that stimulate a balanced variety of areas within the brain.

By Mark Baxter

Mark Baxter is a Co-founder and VP of Product for Vancouver-based Fit Brains, an online platform offering casual brain-fitness games. He

was the President and Founder of Gnosis

Games, an independent casual games studio. He has been in the games and new media industry for more than nine years and worked in a wide variety of areas including: casual, serious, triple-A, and multiplayer games. Mark has a background in psychology and is actively involved in a variety of educational and "serious gaming" initiatives. Mark can be reached at mark.baxter@casualconnect.org.



Paradise Island is a collection of word-construction brain games set in a variety of beautiful tropical themes.

Giving Your Brain a Workout

How Brain-fitness Games Help People Goof Off Productively

Brain reserve relates to the brain's ability to physically reorganize itself in response to the demands placed upon it. A brain with a strong reserve is one that has formed many cellular connections and is rich in brain cell density. A strong reserve is generally believed to have the ability to delay the onset of mental deterioration, such as Alzheimer's Disease (AD). Simply put, mental diseases must work longer and harder to manifest in a brain that has built up strong reserve.

A healthy brain should look like a lush and vibrant jungle (as opposed to an island with a single palm tree) because it is full of cellular connections that are very dense. You might think of a mental disease like Alzheimer's as a weed-whacker which invades the brain and begins to do its damage by destroying brain cells. However, it takes AD a long time to show any impact if it has to destroy a jungle's worth of brain cell connections. In contrast, AD can manifest itself fairly quickly after infiltrating a brain with only a relatively few cellular connections.

Casual brain-fitness games offer people a variety of well-rounded, scientifically based activities wrapped within a fun and engaging experience that is accessible even to first-time gamers. By offering stimulation across the spectrum of the brain, and ramping the difficulty in a way that

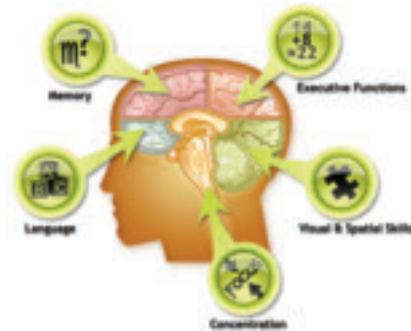
increases the complexity of the tasks, brain games can offer people an effective way of increasing brain reserve while still providing the appeal of casual gaming entertainment.

Balancing and Maintaining the Brain

Although organizations in the brain-fitness industry sometimes use differing terminology, and may conceptually organize brain-fitness into different categories, there is a general consensus regarding the major areas of the brain. At Fit Brains, we divide all of our games into five major brain categories: Memory, Concentration, Language, Visuospatial and Executive Functions. In addition to these primary areas of the brain, each area is further subdivided into sub-measures that are reflected within game activities and progression metrics. These areas are not distinctly separate; they work together in conjunction, like different instruments in an orchestra, and can be blended with one another to achieve a greater measure of brain stimulation.

The Fit Brains platform represents brain balance and brain reserve as the Fit Brains Index (FBI) and as Brain Points. If your FBI is in the "Healthy" range or higher, that is a positive indicator that you are regularly engaging in brain-fitness exercise on the site. Brain Points, on the other hand, are an indication of your cumulative brain-fitness efforts across all games since you first joined the site. It is valuable to be aware that both the FBI and Brain Points benefit the most from regular, balanced activity across the five major cognitive areas. Thus, in order to achieve a positive ranking, you should play at least one brain game 10-to-20 minutes per day; and over the course of a week, you should play at least one game in each of the five major brain categories. In particular, the games you find most challenging are likely to be correlated with activities that offer the greatest potential to strengthen your Brain Reserve.

At Fit Brains, we designed our casual brain-game platform



on a foundation of existing cognitive training research, such as the ACTIVE study, that continues to emerge from the fields of cognitive psychology and neuroscience. The scientific aspects of the platform are designed by a prominent neuroscientist, Dr. Paul Nussbaum, one of the leading brain health doctors in the US and recent winner of the 2007 American Society on Aging "Gloria Cavanaugh Award" for his excellence in training and education in the field of aging.

The ACTIVE study, funded by NIH, demonstrated that adults are able to improve brain functions with proper training. The brain is healthiest when it is active and regularly challenged. With frequent brain training, the brain performs optimally and is able to maintain its abilities through the years. In addition to brain-fitness games, the other important aspects of a healthy brain lifestyle include physical fitness, nutrition, socialization, and meditation/spirituality.

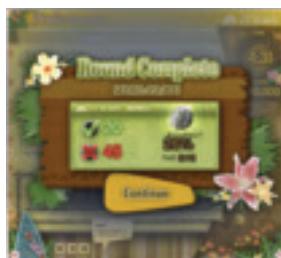
The Right Motivation: Brain-fitness or Entertainment

In order to offer the benefits of brain-fitness games to the widest possible audience, it is important to consider the motivations and interests of potential users. Some people are looking for something to help them exercise their brains, while others are merely looking for entertainment but will also likely appreciate the added value of brain-fitness. An effective, mainstream brain-fitness experience allows users to identify their preferences while providing them with opportunities to expand their horizons, perhaps by learning more about their brains or by challenging themselves with more entertainment-based accomplishments.

On the brain-fitness side of the equation, Fit Brains offers a suite of tools that track a wide spectrum of player-progression metrics across the



Left: In WildWord Garden, you are a gardener that nurtures plants from seedlings into full, gorgeous blooms.



various activities. This includes balance between each of the major brain areas, as well as targeted recommendations based on more fine-tuned metrics related to each of the cognitive sub-measures. To round out the offering, there are also a series of brain circuit-trainers that guide players through a balanced brain workout over a specified period of time, ranging from three to 30 days. Players who aren't sure which game to play next can either select the "Recommended Game" or choose to enroll in one of the "Cross-trainers" designed to guide them through a set number of rounds across multiple games.

For those who are more motivated by the entertainment aspects of the site, there are also a collection of meta-game incentives designed to encourage players to visit on a regular basis and play a wide variety of brain games. These features include Brain Points, Trophies, Achievements, Leader-boards, and Social/Community Gaming. They are each intended to encourage a more "sticky" brain-fitness experience by inviting players to return to the games frequently and extend their experiences or earn special rewards that go beyond the games themselves.

Ultimately Casual Experience

As with any variety of casual game, one of the most important goals of brain-fitness games is to be accessible to the largest variety of audiences. One of the biggest challenges is to find the right level of game difficulty that can accommodate both experienced gamers and those playing games for their first time. Some games offer user-chosen difficulty settings that can be intimidating or confusing to new users, and often don't accommodate the complete spectrum of player abilities; other games have only a single level of difficulty progression designed to fit everyone.

At Fit Brains, we have developed an adaptive database system that allows us to offer personalized game-play experiences through a variety of progression-charting and peer-clustering mechanisms. This technology allows us to gather valuable user metrics from various components within each game in order to set baselines that are relevant to each user and that are contrasted with statistical patterns derived from the broader site user population. By collecting data from the entire site user population, we are able to detect subtle patterns and adapt the games to account

for variables like age, gender and location. For example, if we see a difference in reaction time between 20- and 70-year-olds, we can adapt the challenge of the games accordingly.

This data is simplified and displayed to the end user in the form of brain-fitness metrics, which also includes brain exercise recommendations and brain training circuits. The data is also used to personalize each user session by adapting each of the games to a variety of trackable parameters, including: scoring, play time, content accessibility, cognitive difficulty, and more. As the system collects information related to your personal patterns, it can adapt the games automatically to match your ability levels and preferences. A person who does well with memory-related tasks, for example, will find that Memory games ramp in difficulty for them much more quickly in future play sessions.

Over time, the database continues to adapt and fine-tune itself to each player and provide personally-relevant, casual brain-fitness gaming experiences for everyone. By utilizing a self-tuning backend system, users of any level can join the experience and find both challenge and reward on a personal level. This focus on personalization allows the brain-fitness experience to be effective and also accessible to the widest audiences possible.

Conclusion

In order for brain-fitness games to resonate successfully with mainstream audiences, it is important that they provide the right balance between science and entertainment. The science extends the game beyond a mere "brain theme" into an effective tool for personal growth. The entertainment helps people to maintain the motivation to participate in healthy activity on a regular basis. Brain-fitness games may share many of the same opportunities and challenges found within the casual games industry, but the health-oriented focus has the potential to resonate more deeply with players, which in turn helps the industry expand and draws in wider audiences that may be even more "casual" than the existing ones. ■

Anatomy of a Brain-Fitness Game

So what is a "brain-fitness game"? A brain-fitness game generally is designed with the primary intent to stimulate a person's brain in a targeted fashion, with a solid foundation in cognitive science. Brain-fitness games are more than just "brain teasers," which are generally designed to challenge the mind in a more general way. It's like the difference between going for a walk, which is a good general purpose exercise, or going to the gym for circuit training with a personal trainer for a deeper, more well-rounded workout. Brain-fitness games generally divide the brain into major areas, like Memory and Logic, and stimulate each of those areas using techniques derived from the related fields of cognitive psychology and neuroscience.

One game we created that is a good example of this targeted approach to the brain is the game *Busy Bistro* by Fit Brains. This game is designed to strengthen various aspects of memory. In *Busy Bistro*, you are instructed to view a recipe that contains both ingredients and cooking instructions, which you will later be asked to recall. In the first part of the game, the focus is on the short-term memory, which is associated with the concept of "free recall," or recalling items from a list you have recently seen. Thus you are asked to create a shopping list for the recipe and recall a minimum number of items from the original list.

In the second activity of *Busy Bistro*, you're presented with a distraction task, designed to draw your attention away from your short-term memory. You are quickly shown a series of cooking terms (such as chop, boil, and coddle) and pair them with a visual representation (such as an oven or chopping board).

In the third and final activity of the game, the focus is on long-term memory, or "delayed recall." You are asked to remember key aspects of the cooking directions, like how hot the oven should be, how many cups of an ingredient should be used, or what cooking technique should be used to combine ingredients. In order to remember the cooking directions after playing the distraction activity, you need to memorize the information more deeply.

Busy Bistro is a game of memory, but the activities are carefully designed to stimulate a variety of specific areas within the memory. Its core tasks are derived

from activities commonly used in clinical neuropsychology. In order for the game to be more accessible to the mainstream, it is wrapped within a casual game experience, with a cute chef character, polished game-play, sounds, and effects. It is important that brain-fitness games be engaging and easy-to-play in order to motivate

people to participate in healthy brain activities that might otherwise be considered boring. ■



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TIME ZERO



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From Freeware to WiiWare

Getting a Web-based Game Ready for the Wii in Just Six Months

When we decided to build a re-imagined version of *Defend Your Castle* for WiiWare last November, we knew that we faced a few risks and challenges in offering our popular web-based franchise as a downloadable product. With a studio background in Flash and, to a lesser extent, Windows and XBox 360 development, no one at XGen had worked with the Wii SDK or Nintendo libraries before. Additionally, we knew that we wanted to launch alongside the platform debut in the Americas, giving us roughly six months to build a downloadable console title, obtain our software ratings, and pass the Nintendo QA process—all firsts for our studio.

Our initial approach was to examine the option of building the title in Flash and making it available on Wii hardware using a third-party solution such as Scaleform GFx. Before long, however, we decided to build the game entirely in C++ with the Boost libraries for a number of reasons, including our desire to work closer to the hardware to achieve our vision of hundreds of invaders simultaneously on-screen. Not only were we able to better utilize the hardware in this way, but we also gained more direct access to the unique features of the Wii, such as accelerometer data from the Wii Remote.

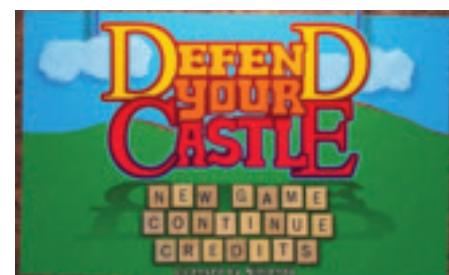
What Went Right

- **Air-Tight Scope Control:** As mentioned previously, our goal was to launch alongside the WiiWare service in the uncomfortably nebulous date-range of “early 2008.” Because the exact launch date of the platform wasn’t available (even to developers) until just before launch, we needed to have the game in a ready-to-ship state from February onward. To address this challenge without interrupting development, we created a “feature wish-list” in Google Spreadsheets to serve as a dumping ground for any and all ideas—from the noteworthy to the asinine. (Example: Rumble support was a two-day task, while time-traveling birds with grappling hooks would have pushed launch to around 2012). This spreadsheet included time estimates for implementation, notes on related/affected systems, game balance considerations, and a field for general discussion. The spreadsheet seemed to work pretty well: As new requests and ideas emerged, we’d throw them on the pile so that everyone could collaborate in discussing and ranking them.

Defend Your Castle shipped on time with a core team of four and a budget under \$200,000.

Of course, this approach wasn’t bullet-proof, and we lived in a state of constant apprehension during the final weeks of the project as we waited for the launch date announcement. During this phase, we couldn’t justify adding anything that would introduce a lot of risk or change the game dynamics much. When we got the call, however, *Defend Your Castle* was ready to ship.

- **Unique Audio-Visual Style:** The stylized graphics and voice Foley for sound effects received a completely polarized response—and we couldn’t be happier. The artist on the project scanned in red cap rings for use in the bomber animations and ripped pieces of tissue paper for clouds (which hang from strands of yarn in the game). Most of the sound effects for the game were recorded with a microphone in a home-built sound-booth, where we emulated explosions, rain, and even background music with our mouths. The bulk of press coverage on *Castle* praised the game’s bold style, with many players seemingly appreciative of the fact that the game doesn’t take itself too seriously. On the other hand, IGN rated the game a 7.9, but gave the graphics a score of 3, calling them “intentionally bad, but bad nonetheless.” Taking this approach to visuals spawned a war between *Defend Your Castle* evangelists and game graphic elitists, which certainly didn’t seem to hurt sales.
- **Careful Management of User Perception:** Being in the unique position of developing a title based on a free web-based game, we had to emphasize the differences to our audience. We



By Skye Boyes and Jordan Dubuc

Skye Boyes is the founder & CEO of Canada-based XGen Studios, developer and publisher of games on the Web and WiiWare™. Launched in 2003, XGenStudios.com is a thriving casual community with over 3-million monthly players. Skye’s experience includes design and production for *Defend Your Castle*, extensive web-based multiplayer and CIW development, and programming for Bioware’s *Mass Effect*. Skye can be reached at skye.boyes@casualconnect.org.

Jordan Dubuc is Director of Operations at XGen Studios and is responsible for overseeing day-to-day studio operations. Jordan possesses over eight years of professional experience in the software industry and holds numerous industry certifications. Jordan’s game credits include BioWare’s *Mass Effect* on the XBox 360, *Defend Your Castle* for Nintendo’s WiiWare service, *Motherload*, *Pillage the Village*, and *Stick Arena*. Jordan can be reached at jordan.dubuc@casualconnect.org.



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Getting a Web-based Game Ready for the Wii in Just Six Months

listened closely to early feedback on our press releases and trailers and directly addressed user concerns, making sure to provide additional value to players by emphasizing features not found in previous manifestations of the franchise.

- **Use of Player Feedback:** Having released the web-based version of *Defend Your Castle* nearly five years ago, we had a veritable goldmine of player feedback with which to both improve the game overall and fine-tune subtle balancing mechanics. We applied this feedback to everything from the effectiveness and cost of upgrades to the overall difficulty curve, resulting in a smoother and more enjoyable progression through the game.
- **Graph-Assisted Balancing:** Much of *Defend Your Castle*'s procedural difficulty is controlled by logarithmic decay algorithms, which often have ripple effects across multiple systems. Our tradition of rapid tweak, play, and tweak again sessions (ad infinitum) became unfeasible at this level of complexity. While we did still use this process, we also duplicated our C++ algorithms in Excel to graph curves for enemy spawn rates, spell cool-down times, and more. This allowed us to adjust values in a more informed manner while receiving immediate visual feedback on the effects of our number nudging (see *Table 1*). Ultimately, this helped us to achieve game balance that was far superior to the original in significantly less time than it would have taken us without graphs.

What Went Wrong

- **Localization:** After the initial success of the game in the Americas, we began localizing all in-game text for the European release. Because most text assets were hand-drawn in order to achieve the desired art-style, our artist was required to painstakingly recreate many of the game's assets in five additional languages. This turned out to take over a month of artist and programmer time. In addition, it increased the distribution footprint of the game beyond what we were willing to force upon players, resulting in work which was ultimately scrapped for the European release.

- **Tight Schedule:** Despite being a substantial improvement over the web-based version of the game, there were even more features that we would have liked to incorporate if we had more time. Those features nearest the top of our "feature wish-list" when we had to ship included in-game music, controller rumble, and additional enemy units and spells. Although outside of our control, we lament our late start on development. However, given the choice between a launch window opportunity and a few extra features, shipping what we agreed was a complete game experience was an obvious decision for us.

Sales Figures

On May 12, 2008, *Defend Your Castle* debuted on WiiWare in the United States, where it has been continually listed on the Most Popular sales list, including a spot at the top of that list for a



period of three weeks. On August 1, 2008, *Defend Your Castle* was released in Europe—where it has seen similar success—and plans are currently underway to bring *Defend Your Castle* to Japan. WiiWare is a young platform with much potential for growth, and we suspect that sales prospects for the platform will continue to improve as the service matures.

Conclusion

Working with Nintendo has been a pleasure, and we're delighted to say that *Defend Your Castle* shipped on time with a core team of four and a budget under \$200,000. Despite the challenge of branching out into development on a new platform, we consider the release an enormous success and have already realized a sizable return on our investment. Our fledgling entry into the console space has cultivated a loyal following—including new players and existing fans of the classic web-based edition—paving the way for future digital distribution titles. ■

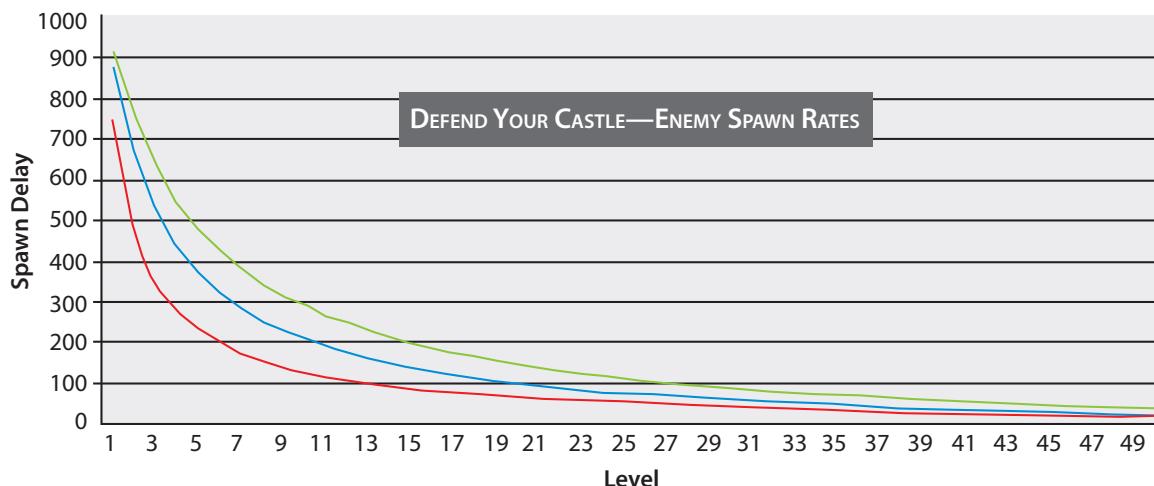


Table 1: The C++ algorithms were duplicated in Excel in order to graph curves for enemy spawn rates, for spell cool-down times, and so on. This enabled values adjustment in a more informed manner while providing immediate visual feedback on the effects of the number nudging.



EUROPE'S FIRST CHOICE
IN CASUAL GAMES



What Makes a Great Game Great

10 Things that Great Games Have in Common

We're all in the business of gaming. It's our job. But long before we made games, sold games, or distributed games, we *played* games. Some of us are old enough to predate *Pong*. We haunted the arcades and begged for Nintendos and blew ridiculous amounts of money for the first adventures on CD-ROM. Why? Because unlike movies or books, games took us not only to places we could see, hear and feel, but to places where we could interact.

We're in the games business because we love games. We love the thrill of discovering a great one, and if we're lucky, we get the opportunity to *make* a great one. But making a great game is more of an art than a science, and like art, there's no true consensus on exactly how to do it. We may not be able to describe, exactly, how to make a great game, but we know one when we see it.

But what do we see? How do you describe a great game? What is it about a game that makes it special? After careful observation and thorough analysis we've identified ten essential components that are common to all great games. These ten words and phrases, though highly technical in nature, have been developed to help us take a much more scientific and accurate approach to talking about games.

1. **A great game is like love at first sight—it's magic.** That feeling is often triggered by its setting, time and place—its thematic milieu. It is something that you *feel*, often when you first encounter the game. It's what creates that initial spark of excitement, that *mojo*, that little shiver of joy you feel when you open it for the first time. *Mojo* is the magic that makes a game special. *Joy* is a smile you can't repress. It's the look, the feel, the personality, and the feeling that it's yours for the taking—the sum total of all the creative decisions made by a developer. It's the *MoJoy*.
 - **MoJoy:** (n. fr. *Mojo*: magic, and *joy*: unbridled glee) *MoJoy* is that indescribable spark of enchantment you feel when you play a game that hooks you, holds you and makes you feel just plain happy.

What is it about a game that makes it special? After careful observation and thorough analysis we've identified ten essential components that are common to all great games.

2. **A great game is original—but not too original.** It takes risks with its mechanics, interface, art style and its central theme, but they are calculated risks that don't push the envelope too far outside the player's comfort zone. A great game should feel fresh and new, but it should also feel familiar. Something old, something new, something borrowed but *not me-too*. We call this quality *DejaNew*.
 - **DéjàNew:** (n. from *Déjà vu*, the vague feeling that you've seen something before, and *New*, the surety that you haven't) A game with *DejaNew* has a fresh, original quality, but also feels familiar.
3. **A great game has real substance.** Strip away all the window-dressing of a game and what have you got? What's at its very core? Sure, it may have special sauce, lettuce, cheese, pickles, onions on a sesame seed bun, but what about the meat? The meat of the game is its essence, its kernel of fun, that thing a player does over and over again. It's the nucleus, the heart of the game, the thing a player sinks his teeth into. It's *The Beef*.
 - **The Beef:** (n. from *Beef*, the edible meat of a cow or steer, the relevant core of a Whopper or Big Mac) In a game the *Beef* is the basic game-play, its protein, the hardy substantive thing that nourishes the player's soul.
4. **Great games have a hook.** You know how it feels when you just can't stop playing? When times flies, when the sensation of playing the game builds upon itself, feeds upon itself, and becomes so addictive that you just want to keep playing and playing? This quality of stickiness, this momentum, this *rhythm*, is born in the fundamental game mechanic, but nurtured by an intricate web of art, timing, responsiveness and pacing. Like a little kid who can't get enough McDonald's

By Vinny Carrella and Kevin Richardson

*Vinny Carrella is a writer who is also the Director of Licensing for Shockwave. His debut novel, *Serpent Box*, takes place in a world before the Internet, games and computers. Vinny can be reached at vinny.carrella@casualconnect.org.*

Kevin Richardson is a Senior Producer for Nickelodeon Kids and Family Games Group. He can be reached at www.linkedin.com/in/kevinrichardsonproducer and at Kevin.richardson@casualconnect.org.

What Makes a Great Game Great

10 Things that Great Games Have in Common

Fries, we find ourselves stuck in the game, with greasy, salty fingers that reach absently again and again into that bag of deep-fried bliss. Just as the body craves salt, the mind craves repetitive pleasant stimulations. We call this the *French Fry Effect*.

- **The French Fry Effect:** (fr. *French Fries*, a salty, addictive snack food, and *Effect*, the results of a certain condition or action) The French Fry Effect is the addictive, self-indulgent quality of rhythm and intense visual flavor that causes a gamer to become hooked on a game.
- 5. **Great games have art.** The look of the game—its design, the characters, surfaces textures, colors, saturation, and lighting—all require a sense of artistry. Does the game look good? Is it pretty? A game doesn't have to be photorealistic, but it does have to be rich and appealing to the eye. It has to suck you in with its visuals and hold you with its *Suckulence*.
- **Suckulence:** (n. from *suck*, to draw in via the mouth, and *succulence*, juicy lusciousness) A high degree of visual appeal; beauty. A game's ability to draw and hold the eye.
- 6. **Great games are generally very clicky.** When your mouse is moving, your brain is moving, and your eyes are moving, and your mind and body are rhythmically engaged. It's not enough to simply be clicking; you need to be clicking with rewards—such as simple sound effects, visual effects and general tactile-ness. The degree to which you use your mouse, combined with the satisfying results of those clicks, is what we call *Clickety*.
- **Clickety:** (adj., from *click*, to engage with a computer via the mouse buttons) Characterized by a game mechanic that requires a high degree of mouse interaction and/or frequent, rhythmic pointing and clicking.
- 7. **Great games always have a great soundscape.** Music, sound, voices, sound effects—they are the most underrated aspect of game development but one of the most important. Great sound design is evocative and helps a player suspend disbelief. It pleases the mind as well as the ear. A great casual game is *Ear-resistible*.

Like a little kid who can't get enough McDonald's Fries, we find ourselves stuck in the game, with greasy, salty fingers that reach absently again and again into that bag of deep-fried bliss.

- **Ear-resistibility:** (n. from *ear*, the external hearing appendage on the side of the human head, and *irresistible*, the quality of being difficult not to love) Ear-resistibility, the music and sound, helps suck you into a game, confirms key events and adds to overall Suckulence and MoJoy.
- 8. **Great games are a glass halffull.** We know that games are an escape but for casual gamers it's not enough to simply be transported. Great casual games tend to be happy and optimistic. They tap into nostalgic themes and are positive and life-affirming. A great casual game rewards you often and punishes you rarely, if ever. It offers you encouragement and an overall positive outlook. Such games offer a sense of hope and an overall aura of optimism. We call this *Hopetimism*.
- **Hopetimism:** (n. from *hope*, the desire for something good, and *optimism*, a positive outlook on things) Hopetimism is the quality of a game that make us feel good to play it. It's how the game gives something back to the player in the form of encouragement, praise and overall narrative resolution.
- 9. **Great games are ageless.** One of the hallmarks of great casual games is that people of all ages can learn them quickly and love them for a long time. People from seven to seventy can play and enjoy a great game. Thus, *The 7-70 Rule*. Games that adhere to the 7-70 Rule are wholesome and mom-oriented but they're also kid- and dad-friendly. They're simple, easy to learn and light in theme.
- **The 7-70 Rule:** (As in from age seven to seventy) The 7-70 Rule is more of a guideline than a hard requirement. It asserts that all great casual games should aspire to be accessible and enjoyable for a wide range of ages and game demographics.
- 10. **Great games move.** The human eye itself is drawn to objects in motion. We are more engaged with objects that spin, flash, sparkle, vibrate, fly, drop, explode than we are with static scenes. Gamers love animation. They want their games to be kinetic. Even relatively inert hidden-object games employ animation and effects to liven up their still-life settings. Movement, animation and kinetic effects, when intelligently designed, are essential elements of all great games. For this quality of a game we use the adjective *Kinetical*.
- **Kinetical:** (adj. from *Kinetic*, movement, motion) Kinetical applies to all motion and animation in a game, including the game's responsiveness to mouse-clicks, its general "tightness" of feel and its physics.
- 11. Oh, yeah. We forgot. There is one more thing that all great games have. It's that intangible, sublime secret sauce that makes a game feel special and sets it apart from the pack. But this elusive quality is almost impossible to articulate, because it's emotional. There's no word for it. So what do we do when we can't find a word for something we just have to describe? Well, we turn to Mary Poppins. When the cat has got your tongue there's no need for dismay, just summon up this word and then you've got a lot to say.
- **Supercalifragilisticexpialidocious-ness** (n. from Mary Poppins), that indescribable characteristic that enables a game to rise above the exemplar, possessing qualities of brilliance, individuality and unbridled delight.

We know that great games sell well, they convert well, and they have long product life-cycles. But great games have other things in common that are more intangible, more emotional, and those things are difficult to describe. Though these eleven words are in themselves ridiculous, what they represent is true. ■



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Top ten things you must know about the Russian casual games market:

1. Casual games are one of the fastest growing entertainment industries in Russia.
2. In 2007, the casual games market in Russia grew six times to reach \$10 million.
3. In 2008, the casual games market in Russia is expected to reach \$30 million.
4. Game prices have increased in recent years to as much as \$7 each.
5. Users pay for casual games in a variety of ways, including SMS.
6. Almost all of the major Web sites in Russia sell casual games.
7. Alawar powers the game sections on all of the major Web sites in Russia that sell casual games.
8. With the launch of www.alawar.ru in 2004, Alawar became the first game company to localize its catalog and offer its products at a discounted price.
9. Alawar is the top casual games publisher in Russia, controlling over 85 percent of the market.
10. Alawar can localize your games and introduce them to this lucrative emerging market.



The image at the top of this ad features a screenshot of the Russian version of Build-A-Lot, which Alawar localized and distributed. Upon release, it became one of the top three casual games in Russia.



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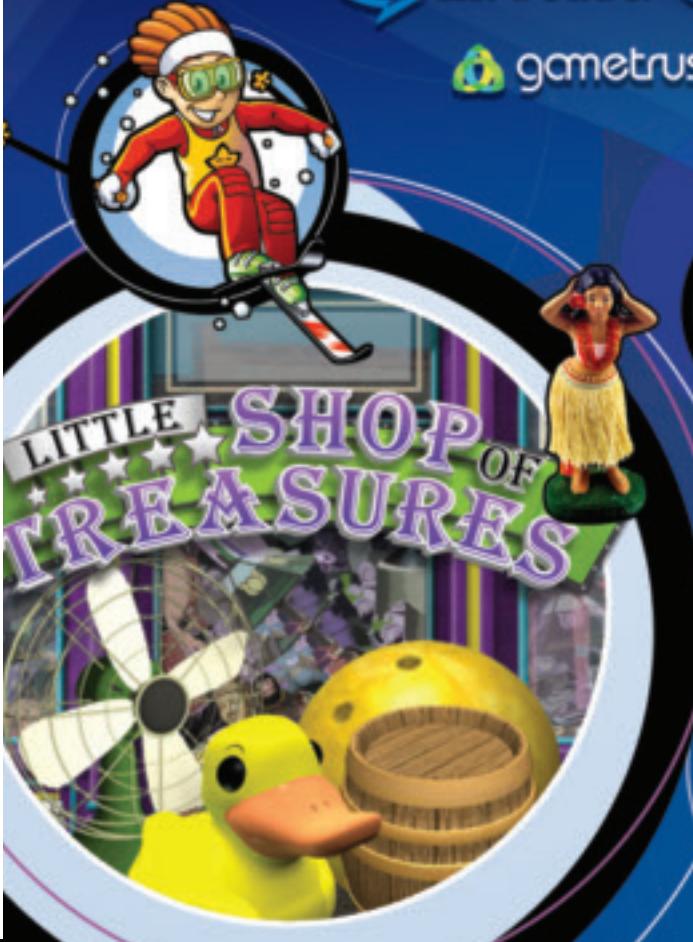
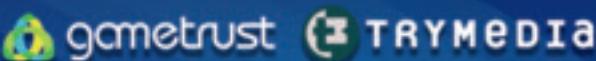
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Bringing *The Scruffs* to Life

A Case Study

By Fazila Khan

Fazila Khan is the producer and writer for *The Scruffs* and is the Creative Director at BigWig Media. Prior to joining BigWig Media, Fazila spent five years at CTV (Canadian Television) as a broadcast producer. She was also the host of her own lifestyle show on Rogers Television in Toronto, Canada. Fazila can be reached at fazilla.khan@casualconnect.org.

It seems that there is a good new hidden object game introduced almost daily these days. But two years ago there were only a handful of these hidden object gems on the market, and we were striving to make the next great seek-and-find extravaganza. So one fateful evening in nippy-aired London we found ourselves scratching our heads, conjuring up ways to make a hidden object game that could hold its own alongside the likes of *Mystery Case Files* and *Hidden Expedition*. Those games had already set the bar very high, and we knew that success could only be achieved if we could make a game that was innovative, a game with real oomph—something unforgettable. And so began a 10-month development journey which spanned the globe, with work done in London, New Jersey, Buenos Aires, Dubai, Omsk, and Kuala Lumpur. The final result was our labor of love: *The Scruffs*.

Once we had taken that crucial first step—the decision to make a hidden object game—all creative juices were on full flow. We wracked our brains for days, trying to come up with a theme that everyone out there could relate to. We decided to create a game that would enable the so-called target user to search for obscure objects on her own; but in addition, we wanted her to be able to call upon the sleuths in and among her own family and friends to join in the fun as well. So in true creative fashion, we found our inspiration in the first family of adult-oriented, animated sitcoms: *The Simpsons*. We found our perfect line-up of characters in this slightly dysfunctional, messy by genetics, self-deprecatingly humorous family. We named them “The Scruffs” because that’s essentially who they were: shabby on the outside with hearts of gold inside.

With the characters all lined up and conceptualized, the crew required to make the game fell into place quickly thereafter. All together, we were a team of six—four of whom were involved in initial design and development. We were all sitting in different corners of the globe, each day sending packets and packets of creative data across the web for feedback and instruction. (In retrospect, our virtual team was cost-efficient but not especially production-efficient. Nothing can substitute speaking to a person face-to-face and reviewing work as it happens.)

Over the course of development, we continued to explore new ideas that might make the game interesting. One idea was this: When you’re as messy as The Scruffs, the only obvious thing to do is to clean up! But then it occurred to us: Why would a woman want to clean up someone else’s home when cleaning her own home is such a chore? So we scrapped that idea. Another idea was to have The Scruffs hold a car boot sale (something akin to a swap meet in the U.S.) to get rid of all their junk to pay off bills and debts. But we knew that idea could be better—so we canned it!

Five months into production, we still had no story and we were getting a little worried. We trolled coffee shops (hoping to have our JK Rowling moment) in London, Dubai, (everywhere) with only one question on our minds: What’s the story? Finally, we homed in on a clincher. The end result was a story that we believed would hook players and give them a darn good reason to finish the game. How wrong can you go with a goal-oriented, feel-good mystery that includes witty banter and Monty Python-esque gaffs thrown in for good measure? Nevertheless, even though we had the story down, we needed something else that would make us stand out. We needed something new.

Our innovation came in the form of a cute little mutt named Scruffy. The idea of having a dog play hot-and-cold with you in your search for an object had never been done before. We gave Scruffy a plethora of different states, from sad to angry to ecstatic to bored. We thought we had a great hint

Our 10-month development journey spanned the globe, with work done in London, New Jersey, Buenos Aires, Dubai, Omsk, and Kuala Lumpur.





system as well—that is, until we saw our focus group become exasperated with him. Our testers squirmed and squealed with fright every time they were, well, barking up the wrong tree.

So we had developed an innovative and interactive hint system—the trouble was that it didn't work. The transitions did not send off the right message. Instead of helping players find objects, Scruffy ended up frustrating them. After some additional experimentation, we had nearly decided to banish Scruffy to the dog-house—but then in one last ditch attempt to save him we found ourselves a solution: Rather than focus on Scruffy's animated states, we rattled the object the player was trying to find instead. Thus in one little tweak, Scruffy—the star of the show—was saved.

The Scruffs became like our own family. We made them real people in our minds—giving them admirable attributes of interesting people we knew ourselves. I could identify with Lizzy (the girl) because at that age I also acted like Miss Know-it-All, bullied my little sister (in a good way), and constantly day dreamed of becoming a Princess. Edward (the movie-buff dad) reflected our own love for the Silver Screen, cheesy quotes, and movie lines. George Scruff (Grandpa) was like the grandpa we never had—a globetrotting adventurer who created wacky devices and enjoyed a good scavenger hunt. Victoria Scruff (Grandma) wasn't even in the picture until later

The Scruffs became like our own family. We made them real people in our minds—giving them admirable attributes of interesting people we knew ourselves.

(because poor old Grandpa was lonely). What Margaret (the mother) lacked in English literature, she made up in numbers. William (the boy) was your typical hyperactive kid with an adorable lisp. Having their own identities gave the story more foundation. This was a wacky little family you really wanted to help when the time came to save their house.

Animation and professional voice acting really made *The Scruffs* shine. We only decided to put in voiceovers much later, when we realized (during focus testing) that a lot of the players were just skipping through the intros and cut-scenes that we had so painstakingly put together. We felt that we just had to give them a reason to stay away from the "skip" button. Of course, if we were going to do voiceovers we were going to have to hire professional actors to do the job, regardless of the expense. We did our research, tested several voices and then picked three professional actors who literally brought *The Scruffs* to life in a single take. When the new set of testers played the game after the voiceovers were inserted, it was like an epiphany for us! What a delight to watch their faces light up as they smiled and laughed on

cue in reaction to the familiar banter of a family not too different from their own.

Making *The Scruffs* was an experience. Yes, there were some snags, as there always are, but we really worked on it as a team, with all hands on deck because we knew we had something special. The last few months were especially production-intensive, with constant tweaking because we wanted to give the player a quality product, without cutting corners or making compromises.

A recent experience reminded us of why all that painstaking labor is worth it. When we visited the United States in July, we encountered a border control officer who not only knew who The Scruffs were but also recounted the story and told us how much she enjoyed playing the game! After all the usual stern-faced quizzing, she asked (with all 32 glinting) if we were releasing the sequel soon—as she could not wait to see what The Scruffs were "going to be up to next." We carried that smile with us on the two-and-a-half hour drive back to Seattle-Tacoma International Airport and then on the 10-hour journey back to London. I'm still smiling as I write this. ■



Мы постоянно ищем перспективных и креативных разработчиков для взаимовыгодного сотрудничества. Нам наиболее интересны оригинальные и инновационные игры в формате casual, web, online. Нам интересно то, что другие не решились попробовать.



Компания Enkord занимается разработкой, изданием и дистрибуцией собственных игр с 2003 года. Накопив солидный опыт в создании и продюсировании игр за время работы на рынке, с 2007-го года мы начали предлагать издательские услуги сторонним разработчикам. Учитывая наш опыт в создании игр на примере успешной серии Clash'N Slash и Armada Tanks мы являемся первым издателем, который фокусируется на казуальных скачиваемых и онлайн играх для мужской аудитории.



Мы с нетерпением ждем ваших предложений. Нас интересует функциональная демо-версия вашей игры, в которой реализованы ключевые особенности, но мы также можем рассмотреть предложения на ранних этапах, когда в наличии есть только дизайн-документ и техническое демо.

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Diary of a Mobile Game:

From Concept To Carrier Deck

October 17, 2007—My first step in deciding on a concept for a mobile game is to ask the obvious question: What do people do on their mobile phones? They talk—but developers have no access to the microphone. They take photos—in fact, we had just shipped our first game that made use of the camera as a motion detector and allowed photos to be used as game elements. It's difficult to convey all of that to a potential customer in a 28-character game title, though. What else? It appears that many people firmly believe consumers want to see video on their phone. I buy that, but GOSUB 60 makes games for the mass market, and mobile video still isn't close to being mass market. Besides, most of our carrier partners like to see games that work on at least 85 percent of their devices. As I scour the data and our mobile devices, I finally see it: Nearly 50 percent of U.S.

Short development cycle?

Check.

Meets an untapped market?

Check.

Big potential for marketing tie-ins?

Check.

of depth to the letters, and the feasibility of allowing different modes of text input to make players comfortable. There's enough positive feedback to formalize the concept, work on an internal pitch, and calculate the return.

November 2, 2007—The idea is presented to the Greenlight committee, made up of marketing and development team members that give game titles either the go-ahead or the axe. I stress that it's a "text" game (for the development-minded in the group) and that it taps into a verifiable consumer behavior (for the marketing-minded in the group). Short development cycle? Check. Meets an untapped market? Check. Big potential for marketing tie-ins? Check. All green! *Texting Championships 2008* gets slotted into the schedule, beginning development in January.

January, 2008—The goals are set. We allocate six months to develop the game, make sure it works on over 500 J2ME and BREW devices in the U.S., and secure carrier buy-in. If we do this by June, I anticipate on-deck sales beginning in August. This appears aggressive, especially if you've ever made a mobile game—which we have.

February, 2008—The development team is deep in game construction, and the marketing department conducts consumer research via focus testing. The development goal is to have a prototype within six weeks. The focus test goal is to find out what consumers "innately" know about texting and whether they even refer to it as such. Being in the mobile industry, we never want to assume that one of our terms is familiar to the mass market.

March, 2008—Now we get to play. The first round of *Texting Championships 2008* is passed around and the primary game mechanic is deemed entertaining by all, but we do decide to change one core concept. We want to make it more interesting by whisking players through different looking levels, accelerating and decelerating based on how quickly words and letters are texted. Marketing has finished compiling industry stats and our focus group tests. The name—"Texting Championships 2008"—doesn't test well, but some other candidates do. The name is changed to "Speed Texting 2.0."

April, 2008—Time to sell the idea. We pitch *Speed Texting 2.0* to the U.S. carriers. With all of our supporting data and sales points, the game is well received. Nearly all carriers agree to put it on the

mobile phone users send or receive SMS messages every month, and that number continues to rise! There have been SMS-based games in the past that had limited success, but I had not seen the concept of texting brought into a Java or BREW game on U.S. carrier decks. I write down "Texting Championships 2008" in my idea grid.

October 24, 2007—I kick around the idea in my head for a week and decide on falling words and letters that need to be cleared via fast texting. I want it to be challenging, addictive and easy to pick up and play. I also want to add a social element to the game, as texting is very social by nature. The idea is brought up to a few other employees who each bring different ideas about the look, the layers

By Josh Hartwell

In 2003, Josh Hartwell co-founded GOSUB 60 and currently serves as CEO. As CEO of GOSUB 60, Josh evangelizes quality casual games on the mobile platform and maintains the company's status at the top of the charts. He defines the company's strategy, shepherds partnerships and manages finance, as well as leads a team of programmers, artists, marketing and sales personnel. Instrumental to the development and publication of titles such as JAMDAT Bowling, the Solitaire Deluxe® franchise, and Bliss™, Josh has more than eight years of experience in the wireless industry. With GS60 experiencing 40 percent revenue growth each year, he continues to build the business entirely organically without outside financial backing or mergers. Josh can be reached at josh.hartwell@casualconnect.org.





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As I scour the data and our mobile devices, I finally see it: Nearly 50 percent of U.S. mobile phone users send or receive SMS messages every month, and that number continues to rise!

deck. As for the one holdout, we feel we can get their support further down the road. We also learn that other publishers are racing down this "texting" road as well, adding pressure to our timeline. So much for having an original idea.

May, 2008—The decision is made to implement our own multiplayer and leader-board systems, rather than licensing them from another company. This pushes out the ship date but will save us thousands of dollars. An on-screen, head-to-head race meter is also dropped, as the concept of racing "ghost times" of others is not well understood in additional focus testing.

June, 2008—Friends and groups are added to the game, allowing people to create private groups in order to share race times. We decide against a "team" concept that would allow competition against other teams, as again, this concept is difficult to convey and deemed not worth the investment. We do add a novel concept from marketing: At the end of each level, the game looks at the latest times of all players around the world and informs you what percentile you are in. We're not the first game to do this, but it hasn't been done in mobile with any frequency.



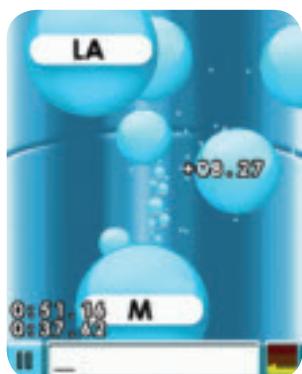
July, 2008—You've got to love last-minute changes. We were targeting the beginning of this month to have the game completed but have now changed that to the end. (For the sake of full disclosure—and the fact that my team will be reading this—this slip is my call. Definitely not the team's fault.) What's more, many of us are finding it more fun to text single letters, or smaller words, as opposed to five and six letter words. With the way the game's dictionary system works, this presents a rather significant problem to resolve. After more testing, we decide that smaller words are more fun than longer words. We also make last-minute changes to our ranking system, which unlocks higher levels, displays a player's rank on the leader-boards, and opens up new taunts for head-to-head competition.

August, 2008—The game is becoming addictive, and everyone in the office is having fun trying to get the fastest times in the head-to-head levels. In a stroke of genius, our development and marketing teams open up the list of taunts to the entire company. Everyone starts making up funny taunts, tough taunts, and pseudo-tough taunts that users will get to choose from in the

game. It's a fun reminder of what a great team we have—plus it gets everyone further invested in the product.

August 21, 2008—The game is sent to our first two carriers for outside testing! Our launch dates with all of the carriers have firmed up, and we will achieve our goal of being the first mobile texting game in the U.S. market with nearly simultaneous carrier launches. The importance of this can't be overstated. By being first, we help to ensure our slot on the carrier decks. By launching on as many devices and with as many carriers as possible, we facilitate maximum word-of-mouth marketing and uptake. And we learn that we will beat the other games to market by at least a month.

August 22, 2008—All that's left is additional testing to prep the game for the remaining carriers. Everything is lined up for September launches. The game ended up with very sophisticated features (as opposed to my initial Greenlight pitch) but received the carrier uptake that we all envisioned. With no other texting game to compare to, this was truly a ground-up development with the invention of the game mechanics occurring during production. Although building the mechanic was more time consuming than we had envisioned, the extra time definitely resulted in a great product. We missed the June finish by two months, but because of our strong carrier and distributor relationships, we'll get the product on deck only four weeks beyond the initial projection. Now, we wait to see how consumers respond—in the form of sales figures. I'm convinced this diary will have a happy ending. ■



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NEVOSOFT

22 October 2308

Dear Plutonium Miners!!

Having paid for the gold sponsorship for the Plutonium Connect Mars 2308, the crew of Nevosoft's public relations shuttle thought: Why did we obtain this gold sponsorship and who are we trying to impress? Nevosoft is more than 300 years old and everyone in plutonium industry in the far reaches of the solar system knows about us: plutonium miners, spaceship pilots who transport it to the portals, portal managers, investors, journalists, and secret service agencies. Moreover, the shuttle's crew realized 300 years later, they still couldn't explain the company's purpose and why it exists.

The crew discussed this for 15 and a half hours as our shuttle orbited Mars three times. Some of the crew insisted that the company's goal was the happiness of each and every employee. Others said that it was all about making money and company profits. A different contingent suggested that, in fact, we send positive impulses into the interplanetary biosphere that increase intelligence in the universe (in the form of the most refined plutonium-239 of course :). But it was also clear that this didn't make any sense whatsoever. And then one junior public relations manager, CleverMan64, remembered that about 300 years ago Nevosoft started off as a developer of so-called casual games. And looking through the archives we discovered that these games were played by women instead of watching the now defunct form of entertainment known as television. (It even predates when flash memory was first wired directly into people's brains.) And the price per game was \$19.95, the same prices as a gram of plutonium today! The effect of this paradox flashed in our minds so brightly that we immediately reached a conclusion.

It doesn't matter what Nevosoft actually does; nor its goals or mission. My dear plutonium industry workers, the most important thing is that there is an eternal and universal love burning deep in our hearts. The day after tomorrow we will issue another direct public offering on the Mars Stock Exchange, so make sure you have some liquid assets ready. It's gonna be hot :)

Drill deeper!
Nevosoft's PR Shuttle Crew
mailto: serebroff@nevosoft.com

Game-Changing Behavior

The Case for Brandworthy Casual Games

At every marketing seminar, branded content summit, or game development conference, there's talk about how brands can leverage games as marketing vehicles. That buzz is not surprising, especially considering the pervasiveness of game-playing, the demand for active-attention games, and the fact that casual games have helped propel the industry into a mainstream form of entertainment.

With all the tools available for consumers to avoid advertising, game-based marketing enables brands to make themselves more interesting—and therefore get consumers to voluntarily engage with them in exchange for an entertaining experience.

Still, despite all their experimentation with social networks, user-generated content, and online video, marketers and game publishers seem content to treat games as little more than another advertising delivery vehicle or product placement opportunity. There's a fundamental disconnect between marketers and the games industry: Marketers have misconceptions about who plays games, and game publishers and developers lack experience with the "go-to-business" strategies of most brand marketers.

As a result, much of the marketing work that's been done in the game space starts from the premise that marketers are little more than "advertisers." This notion helps explain traditional approaches such as fixed product placement, ad banners, or re-skinned advergames. Yet there's a big opportunity for game developers and publishers to work more holistically with brands—and in so doing open up the possibilities for alternative sources of funding and distribution.

An Emerging Opportunity

Just as the nature of TV programming has evolved over time, so too has the gaming space. Much of this is the byproduct of the advancement of related technologies and the new media habits they've created.

The availability of ever faster, better, smaller, and more affordable PCs; the expansion of broadband internet penetration; and the emergence of mobile phones as fully-functioning mini-computers has created a cultural dependency on connection, which has driven a subsequent explosion in our demand for content. As more and more of our entertainment experiences have migrated to new platforms, the popularity and usage of games has grown exponentially.

By Tim Zuckert

Tim Zuckert is President and C.E.O. of Shift Control Media, an independent branded entertainment company that creates original games and social media applications for innovative marketers. Shift Control's client roster includes such brands as American Express, Coca-Cola, Energizer, NBC Universal, Starwood Hotels, and Yahoo!. He can be reached at tim@shiftcontrol.com, and also at tim.zuckert@casualconnect.org



Games represent a unique means for brands to be the entertainment, rather than just sponsor it.



*Seek First to Entertain.
If a game is good,
consumers will not
only play it voluntarily,
they'll pass it along.*

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The Case for Brandworthy Casual Games



Know Your Audience. Get beyond the stereotypes of who plays games, and avoid the one-size-fits-all approach to game strategy.

The appeal of games beyond the genre's typical fan base is obvious when we examine where most of the growth and innovation is coming from: the casual game space. Whether it's mobile games, online downloadable games, or even next-generation consoles, casual games appear to be where the real action is—a fact not lost on Madison Avenue, but one which they have been largely ill-equipped by the game industry to respond to.

Not surprisingly, casual game players represent a huge and largely untapped opportunity for marketers. But to understand its scope, we need to establish a few key characteristics that are unique to games as a medium. Advertisers need to understand that game-based marketing is not about "buying eyeballs" or pushing messages at gamers.¹ In other words it's not about using a new medium to do the same old things. Rather, games represent a new way to engage consumers on their own terms, and in contextually relevant ways. Since well-conceived games require a user's active attention, and allow them to drive the storyline as they experience a world that can be entirely of a brand's making, they

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represent a unique means for brands to be the entertainment, rather than just sponsor it.

More importantly, there's a media usage disconnect at work that will also help drive brands to the game space. Forrester has found that marketers' use of games as compared to other social media is not keeping pace with their customers. In a 2007 online survey, the research giant reported that 62 percent of online consumers play video games each month, while only 11 percent of marketers currently employ game-based initiatives.

This shows that there's a growing mainstream audience increasingly open to branded entertainment in the form of original episodic games. In fact, industry research suggests that many consumers are willing to grant advertisers their attention in exchange for a little fun—and the experience of branded-game pioneers such as Burger King seems to confirm that. So far this opportunity has been under-leveraged, as the proliferation of ad banners, product placements and advergames suggests. Typically, these executions have the agenda of either marketers or players in mind, rather than satisfying both—and

that's the sweet spot for brands that want to succeed in games.

Branded Games that Consumers Want to Play

The key is to properly balance the agenda of a brand marketer with the agenda of a game player. Brands have to ensure that the game is worth spending time with—that the game itself is an authentic representation of the brand as opposed to little more than thinly-veiled marketing. When this delicate balance isn't achieved, both the brand and the consumer are left feeling dissatisfied.

The winners in the branded games space will find innovative ways of creating a balance, making their games what we like to call truly *brandworthy*. Brandworthy games are those that provide high-quality, satisfying and enjoyable play experiences to consumers—the kind that people will choose to spend time with, actively return to, and even be willing to pay for—while simultaneously addressing a specific brand challenge.

Examples of this are easy to find. After launching three original Xbox games during the 2006 holiday season, Burger King reportedly sold over 3.5 million units of the games in just eight weeks (at a price of \$3.99 each with the purchase of a value meal)—making them among the best selling games that year. As important, the mythology of the BK brand was extended in ways no other form of media could have achieved, while same store sales grew by double digits.

Over at Orbitz, the travel website's playable banner games routinely get higher click-through, registration, and conversion rates than any other ad unit—making games a leading driver of traffic and an efficient source of new customer acquisition. The games also help give Orbitz a heightened sense of brand personality, while establishing an ongoing relationship with consumers even when they're not in the market for travel services.

Clearly, brandworthy games deliver something of high perceived-value to consumers, while giving marketers the means of driving a meaningful behavioral change that can be tied to measurable ROI. And just as marketers for years have proved willing to sponsor broadcast entertainment, if games attract the right audience they will fund those as well.

Creating Brandworthy Games

There are five things that marketers and game developers need to keep top-of-mind when creating brandworthy games:

- 1) **Seek First to Entertain.** If a game is good, consumers will not only play it voluntarily, they'll pass it along. If brand participation is relevant and authentic, then these players quickly become valued brand ambassadors.
- 2) **Know Your Audience.** Get beyond the stereotypes of who plays games, and avoid the one-size-fits-all approach to game strategy. It all begins with a foundational understanding of how, where, when, and why different people play.
- 3) **Maintain Balance.** Brands shouldn't be treated as an afterthought in games, nor should they be the primary driver. The depth of brand integration must be finely tuned in order to establish authenticity and relevance within the game experience.

4) **Make It Meaningful.** Give people a reason to spend time with your game—to come back again and again, to share it with friends, to talk about it—and, ultimately, to initiate an active dialogue with the brand sponsor.

5) **Be Accountable.** Evaluate your efforts through the lens of the brand's objectives, and generate credible ROI metrics following launch. This is the true measure of a *brand-worthy* success.

While these points might seem obvious, it's critical for the game community to make sure its marketing counterparts keep these in their sights during the strategic and design phases of the process. Otherwise, everyone runs the risk of either launching a game that fails to meet the brand's objectives or provides a less than compelling play experience.

Conclusion

A great opportunity exists right now for games to leapfrog other media and offer marketers a fresher, more authentic means to encourage meaningful dialogue with consumers. In order to achieve this goal—and to become truly brandworthy in the process—marketers will have to avoid the temptation to view games as simply another advertising or product placement delivery vehicle.

Likewise, game developers need to look at brands as more than just a source of advertising revenue or as patrons who will defray development risk. If brands can find new ways to connect with consumers through the magic of games, and developers can find new ways to fund and distribute innovative creative, that will truly represent game-changing behavior. ■

¹ For additional information about brands and casual games see Jamie Monberg's "Putting The Brand Into Interactive", <http://www.casualconnect.org/content/gamedesign/jamiemonberg-7-07.html>

Brandworthy games deliver something of high perceived-value to consumers, while giving marketers the means of driving a meaningful behavioral change that can be tied to measurable ROI.



Make It Meaningful.
Give people a reason to spend time with your game—to come back again and again, to share it with friends, to talk about it.



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The Future of Advergames

2009 and Beyond

Game development in the casual games sector is much different today than it was three years ago. Our little corner of the industry is now seeing thousands of new games introduced each year, and everyone is competing for limited distribution opportunities. Soon we will see a new breed of game enter into the casual games market to compete for these highly coveted launch slots: deep and highly contextual branded games.

Advergames have been around us for a while. For those that aren't aware, these are a special type of game created solely for the delivery of an advertising message. Until recently, these games have been commissioned directly by the advertisers and brand owners, and were solely used on their own proprietary sites as a means to make a portal "stickier." Examples of this can be seen on Wrigley's CandyStand (www.candystand.com), or Orbitz Games (www.orbitzgames.com). These games have traditionally been shallow, twitch style games and not meant to compete within the gaming industry.

What we are seeing today is a shift in this paradigm. Brand owners and advertisers are looking to create deeper games and really engage the player in ways unseen before. With this increase in quality, the intent is to reach further toward the users that have been consuming a version of

this product for many years in order to deliver a message within a low friction environment. As a result, the distinction between advergames and branded games is beginning to blur. Some recent examples of this include *Merv Griffin's Crosswords* (Oberon Games, 2007) and *Etch-a-Sketch* (Freeze Tag, 2008).

According to Parks Associates, US spending on in-game advertising is expected to rise from \$370 million to \$2 billion (USD) in 2012 (Parks Associates, 2006 report on in-game ads). In response to this huge influx of money, branded games are going to enter the traditional distribution pipeline. This is not something that the development community should fear as

competition, however; rather it should embrace the opportunities that this surge will provide.

Why are advertisers becoming more interested in the videogame medium? A recent study by Nielsen BASES and Nielsen Games (Brightman, James 2007) provides some insight. Among those exposed to ads while playing a game:

- 82% felt the games were just as enjoyable with ads as without
- 61% had more favorable opinions of products advertised after playing the game than they did before exposure
- Aided recall increased 44% compared to pre-game levels
- Positive brand attribute association increased 33% across all brands compared to pre-game results

As you can see these are very encouraging (and potentially lucrative) results both for the gaming industry and for advertisers. Advergames promise advertisers that their message will be consumed by a highly receptive audience—suggesting that advergame budgets will continue to rise on a game-by-game basis. Not only does this suggest that individual game revenues are likely to rise over time; it also could help to mitigate the risk involved in self-published products.

Advergames have always been somewhat taboo within the development community, often seen as the bottom rung for aspiring developers. However, we believe that we now stand on the verge of a monumental shift in how games are developed, distributed and consumed. By getting involved as early as possible there is potential to exponentially increase your effectiveness and growth within this segment of the business.

The Nature of the Opportunity

Mention the term "advergame" and many developers hold up their arms and start backing away, looking around as if to say, "He said it, not me." It's not that they're averse in principle to producing

By Adriano Parrotta, Gabriele Parrotta and Mark George

Adriano can be reached at adriano.parrotta@casualconnect.org.

Gabriele can be reached at gabriele.parrotta@casualconnect.org.

Mark can be reached at mark.george@casualconnect.org.

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verge of a monumental
shift in how games are
developed, distributed
and consumed.*



Games such as this licensed version of Etch-a-Sketch for the iPhone and iPod Touch is blurring line between advergames and branded games.

The Future of Advergames

2009 and Beyond

sponsored entertainment; but there does tend to be general agreement that advergames aren't games in the truest sense, and that therefore they must be less satisfying to create and to play. This might lead developers to approach this market warily or with lowered expectations. That would be a mistake.

Advertising is, without a doubt, a fantastically creative industry. There are many cases in which the intelligence, cleverness, and sheer dynamic energy of advertising equals or exceeds that of the editorial content it supports. Think of how the GEICO cavemen ads (by The Martin Agency) were so superior to the lame ABC sitcom of the same name. Why can't this be the case with advergames?

"Because the client ruins the game," is a common answer. And therein lies the problem—not with the client (although to be fair there are certainly examples in which excessive client feedback has negatively affected a game), but rather with the mindset this belief implies: that the inclusion of an ad message is responsible for tanking a game. Too often developers have the perception that the branding packet negates their creativity and sense of play.

We are fast-approaching the day when advergames will begin driving traffic to major portals.

This needn't be the case. The most successful developers in this space shift their point of view from "advergames are games that have been saddled with a branding message" to "advergames are *ads* that have been juiced by an interactive component." The point is to be receptive to the potential that interactivity brings to advertising rather than resisting the burden the advertising message places on the game. In other words, look at that glass again: it's half full.

Another tactic is to generate creative energy by pushing against the limits of the medium. Put simply, rules and boundaries foster creativity. For example, many ad professionals believe the medium of radio sparks some of the cleverest advertising. The lack of an image (compared to TV) and the generally disengaged nature of the audience (driving, at work, doing the dishes) are limits or boundaries that challenge producers to a higher level of originality. These conditions force a highly creative response.

Billboards are another example. The writing for outdoor advertising is among the most concise and original that can be found. You've got eight or nine words to grab someone's attention (someone who is speeding by and shouldn't be looking at your billboard in the first place) and deliver a memorable message. In many cases the word limit inspires creativity in language and image that cannot be found in a newspaper or magazine ad.

Similarly, circumventing the limits imposed by advergames—shorter length, disinterested audience (at least initially), and yes, client input among others—requires a shift in attitude. Instead of looking at these as problems, they should be viewed as opportunities for elegant solutions.

All of this matters because clients (ad agencies, their clients) are just now developing the necessary sophistication to judge a game as a piece of entertainment rather than just a branded message delivery vehicle. As their understanding increases, we can expect them to demand increasingly compelling game-play from their advergames. Likewise, audiences will expect superior game-play as well. This will in turn raise the bar for developers, challenging them to produce a product that aligns with and reinforces the brand identity—but that is first and foremost a good gaming experience.

All of which can only mean one thing: that we are fast-approaching the day when advergames will begin driving traffic to major portals. Won't happen, you say? Think of the nearest analogy in the world of television: the Super Bowl. How many people say they only watch the Super Bowl for the commercials? We should be striving for that same level of innovation and originality within advergames. And when that day comes, when the form has matured to the point where it is both challenging and satisfying to create (and play), then the mere mention of the word won't send developers running towards the exits. Instead they'll step forward and ask, "How do we get in?"



Games such as this licensed version of Etch-a-Sketch is blurring line between advergames and branded games.

To The Masses

To ensure a successful campaign once your advergame has been completed, it is important to get your new game in front of as many people as possible. This will increase the chances of getting new customers and will ensure the success of the marketing campaign behind your game.

A recent study by BIGresearch states that video-gamers are very receptive consumers and serious media multi-taskers (some 41% watch television while online). The study also states that videogame audiences come from all ethnic groups, with Hispanics and African Americans making up almost 30% of the gamer market. This makes advergames a great vehicle for getting your brand out to a broad, receptive audience (Watershed Publishing LLC, 2007).

Distributing your advergame over multiple web portals is another way to increase the di-

versity of your audience since different sites attract different demographics (different age groups in particular). Building and maintaining strong processes is the key to making sure that you can effectively and efficiently distribute your titles to multiple portals. This allows you to launch your games to all of your partners at once without artificially isolating anyone due to your inefficiencies.

In addition to having good processes in place, successful advergame distribution depends on quality portal relationships. Two factors have the greatest effect on your ability to work closely with portals: the effectiveness of your communications and the quality of your games. Staying in contact and having positive and meaningful communication with the portals will enable you to understand the current distribution climate and to get the marketplace insight you need

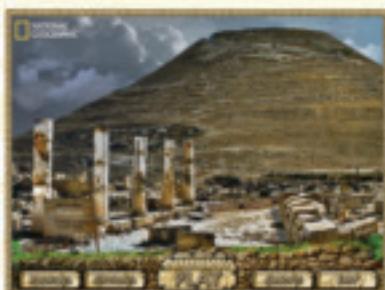
to better reach your intended audience. And creating fantastic advergames for that audience will encourage portals to give your games the additional promotional support they need once they go live. ■

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Coming in Out of the Cold

The Casual Games Market Heats Up in Eastern Europe and Russia

Over the past three years, we have seen so many changes in the Eastern Europe marketplace that we realized it was time to get an update on the casual games industry there. We asked Tatiana Chernova of Alawar Entertainment to bring us up to speed. —ed.

By Tatiana Chernova

Tatiana Chernova is the director of marketing communications at Alawar Entertainment and the CGA Press Advisor for Eastern European relations. Tatiana can be reached at tatiana.chernova@casualconnect.org.

Russia by the Numbers

Eastern European casual gamers differ from Americans. Whereas most American casual gamers are females age 35 or older, many of whom are housewives, the majority of the people who purchase casual games in Russia are office workers, such as accountants, secretaries and office managers. They also buy games for their children and grandchildren (in the unlikely case that grandpa and grandma are keeping up with the times). Other facts about the Russian casual games market:

- 40—Percent of Internet users in Russia who are female
- 20—Percent of Internet users in Russia who play casual games
- 60—Percent of the Russian casual game audience that is female
- 18–35—Age range of female casual gamers in Russia
- 25–40—Age range of male casual gamers in Russia

For a long time, many people have thought of Eastern Europe and Russia primarily as a region with extremely cold temperatures and dozens of talented casual game developers (huddled indoors where it's warm). That somewhat narrow view is perhaps not surprising considering that more than 30% of the top casual games in the world were developed in that part of the world. However, what fewer people realize is that Eastern Europe is quickly becoming one of the hottest markets for casual game sales as well.

Eastern Europe and Russia

According to the United Nations, Eastern Europe is comprised of Belarus, Bulgaria, Hungary, Moldova, Poland, Romania, Slovakia, Ukraine, Czech Republic and Russia. The most active countries from the point of casual games development are Russia, Ukraine, and Belarus. But when one refers to the Eastern European market for casual games, one is definitely talking about Russia. Russia accounts for about 90% of the casual games sold in Eastern Europe—which is not to say that other countries do not also have tremendous potential. For example, even though casual games have been sold in Ukraine for only about a year, Ukraine already accounts for 7% of all casual games sold in Eastern Europe.

Market Development

Despite generating almost 30% of the world's casual games, including hundreds of great titles for Westerners, Eastern European game creators and their products remained all but unknown at home for many years. In fact, the opportunity to sell casual games in Eastern Europe arose only a few years ago. Nevertheless, in spite of starting from nothing in 2003 the Russian casual games market pulled in \$10 million in revenues in 2007. While these figures pale in comparison to U.S. revenues, the truth lies beyond the numbers. From 2006 to 2007, the Eastern European market grew nearly sixfold, and it continues to grow at a remarkable rate, increasing approximately 20% each month. As a result, by the end of 2008, the Russian market is expected to deliver \$30 million in revenues—with aggressive growth expected to continue for many years to come.

Selling casual games in the Russian market wasn't even possible prior to 2004. Prior to that, poor Internet infrastructure, the slow spread of broadband connectivity, and poor payment infrastructure (due to low credit card penetration) made it impossible for anyone to make any money selling casual games. (*For a brief history of the casual games market in Eastern Europe, see Andrey Postnikov's article in the Summer, 2007 edition of Casual Connect. —ed.*)

However, a lot has changed in the last four years. Today in Russia, there are about 30 million Internet users. That number represents 24% of the people in Russia who are more than 18 years of age. The situation with broadband is also improving now that the Russian government is working on solving the problems with Internet penetration. As a result, government researchers predict that the number of Internet users in Russia will reach 50 million by 2010, with annual growth rates of about 35% to 40%. As you might expect, that kind of growth is generating a lot of buzz about the Internet and, in turn, fueling a rapid expansion of personal computer ownership. Thus, it should come as no surprise that the Eastern Europe casual games market is developing as rapidly as it is—and there's no reason to believe it won't continue to do so.

One of the major obstacles to implementing the try-before-you-buy model in Russia was the poor payment infrastructure for online transactions. In the U.S., buying goods via the Internet is simple; lots of people readily use plastic to pay for games. Russia, however, has low credit card penetration; thus, Russian distributors had to find new methods to collect payments for their games.

When Alawar started working in the casual games market, we were using online payment systems that accepted more than 20 different methods of payment, including credit cards and electronic cash such as WebMoney. That made the process of purchasing our games unsettling. This situation

changed in 2006 when SMS payments were introduced. To purchase a game, the buyer sends an SMS message from his or her cell phone and receives a game code; the charge for the game is handled through the SMS message. Today, this is the most convenient and popular way of purchasing casual games in Russia. According to our research, about 96% of all casual game sales in Eastern Europe today are handled through this method of registration, while 2% comes from electronic money. Credit cards and bank transactions make up only about 1% and 1.5%, respectively. Regardless of which method customers prefer, they can now obtain the full version of a game through a variety of means, reducing the impact of low credit card penetration.

Pricing

In 2004, casual games in Russia cost \$3 each. Since then, that amount has grown \$8 per game (including the value-added tax, or VAT); and a

year from now, it could reach \$10 or more. As 96% of all casual game purchases are made via SMS, the phone must serve as a sort of debit card for game purchases. And since most people carry about a \$10 balance on their phone, the price for a casual game cannot realistically go much higher than that. And while the cost for a casual game in Russia is comparable to that in the West (for example, Game Club members at Big Fish Games can purchase a game for as low as \$6.99), revenues earned through SMS payments are much lower than in Western countries.

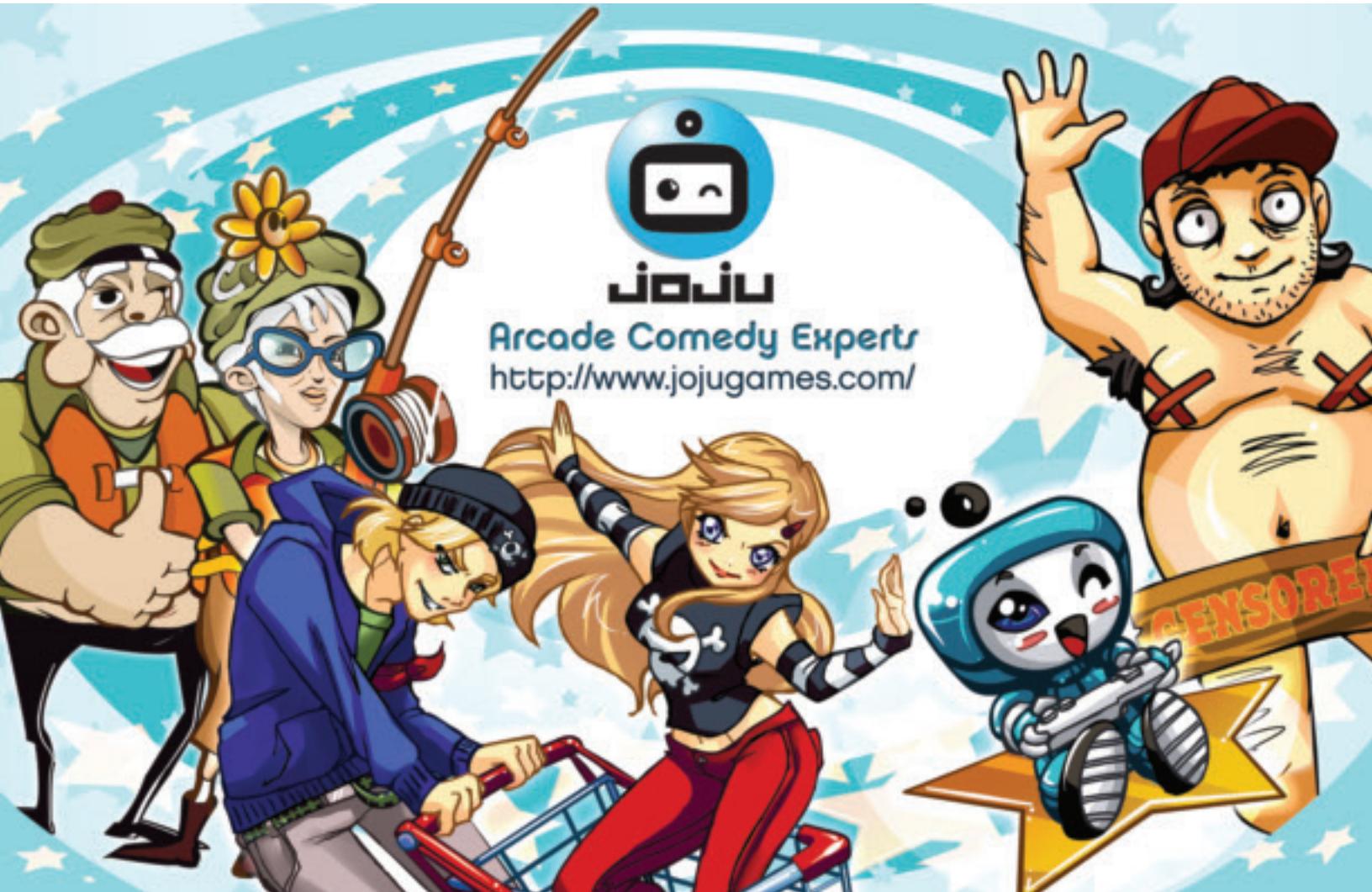
A typical casual game purchase might break down something like this:

Retail Price	\$8.00
VAT	\$1.22
Mobile Operators' and Content Distributors' Share	\$3.18
Website Share	\$1.80
Balance to Split Between Provider and Developer	\$1.80

First, subtract VAT from retail the price, and you're left with \$6.78. Then you need to subtract the percentage charged by mobile operators and content distributors (the companies that provide the SMS billing technology). Today, they charge up to 50% of the price of the game for using their services. On average, then, \$4.40 is spent on taxation, mobile operators and content distributors, leaving \$3.60. This amount is split even further between the website that sold the game and the company that powers the site with its casual game solution, such as RealGames, Big Fish Games or Alawar. Thus, if the average split is 50/50, the website receives \$1.80 for each game sold, leaving another \$1.80 for Alawar and the owner of the game (its publisher or developer).

Popular Titles

In Russia, the number one game generates 10% of all revenues, the top five games generate 35% of all revenues, and the top 10 games



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generate about 50% of all revenues. The average conversion rate in Russia is 2.5%, while the top games usually have a conversion rate of between 6% and 10%.

Of course, if you want to launch your game in the Russian market, you need to know which genres are popular there. The two most popular categories are time management (*Farm Frenzy*, *Build-A-Lot*, *Supermarket Mania*, *Jenny's Fish Shop* and *Virtual Farm*) and hidden object (*The Magician's Handbook: Cursed Valley*, *Treasure Masters, Inc.*, *Mysteryville*, *Mystery Cookbook*, *Sprill: The Mystery of the Bermuda Triangle* and *Natalie Brooks: Secrets of Treasure House*).

Localized versions are important to Russians. When we first started selling games on the Russian market, we offered both English and Russian versions of our games, but we soon discovered that the conversion rate for the Russian-language games was much higher.

Another important issue here is the timing of a game's release. If a game is launched in Russia two or more years after its release in the U.S., it probably won't be as successful as it could be, inasmuch as more recently released games will likely have better game-play and graphics, even if they're clones of the original title.

Websites Offering Casual Games

Today, there are at least seven websites offering casual games in Russia, including Absolutist, Alawar, Kochka.ru, Lolo, NevoSoft, Realore, and Turbo Games. In addition to these sites, there are about 350 additional sites in Russia that have casual game sections, including two of the three major Russian portals (Mail.ru and Rambler.ru), the Websites of the RBC (a company which owns several different popular portals), and the websites of *Cosmopolitan* magazine and *Men's Health* magazine, among others. These sites don't have their own content or DRM solutions; rather, their

casual game sections are powered by companies such as Alawar and NevoSoft. In addition, there are two partnership programs in Russia—AGSN from Alawar and GameBoss from NevoSoft. The majority of these websites use one or both of them. Mail.ru, Rambler.ru and the RBC websites are all powered by Alawar, which, according to our estimations, controls 85% of the Russian casual games market.

Summary

As you can see, in just a few years' time Russia has become an emerging market that can provide an excellent source of additional revenue for any developer or publisher that takes advantage of it. It's a red hot market that is only going to get hotter in the years ahead. ■

For additional information, be sure to check out Alexander Lyskovsky's talk from Casual Connect Kyiv (<http://www.casualconnect.org/content/Kyiv/2008/birdseyeviewkyiv08.html>)

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The Halting Expansion of Free-to-Play

Obstacles to Growth in North America

Although try-then-buy remains the "standard" revenue model for casual games, free-to-play has quickly become a venture capital and media darling in Europe and North America. After originating in Korea, free-to-play (F2P) swiftly became the *de facto* revenue model for games in Asia. F2P allows users to play most or all of a game without paying by utilizing alternate revenue sources such as ads, micro-transactions, and subscription tiers.

But for all the news of how the free-to-play revenue model will eventually take over the Western gaming market, there are more than a few issues that may keep free-to-play from experiencing the same growth as Asia. These Western issues may not all be show-stoppers, halting free-to-play's growth outright, but they may lead to a bifurcated market: one in which leading-edge, free-to-play gaming and technology exists first, and perhaps exclusively, in Asia before trickling down to the West.

The following is a list of some of the larger issues in play:

1. Virtual Property "Ownership"

"The term 'virtual' may not have a strict legal interpretation, but if anything it means that the thing being described is NOT whatever comes after the word 'virtual.'"—Ginsu Yoong, Second Life's legal counsel, *Linden v Bragg*

The definition of virtual property is a tricky and ever-evolving one. If virtual property has the same rights as real property, it cannot be taken away arbitrarily (for an alleged TOS violation, for example),

nor can it be "lost" in a server crash or rendered useless when a game goes out of business. In all the above mentioned cases, aggrieved users might be entitled to cash compensation equal to what they had spent (at a minimum), or (potentially worse) to the current in-game value of their items. If a court were to decide this compensation for virtual loss should be the norm, it would have a chilling effect on virtual-item-driven game economies.

But despite virtual property's ill-defined legal status, developers have had no qualms about starting byzantine in-game economies driven by

the exchange of real money for virtual land, clothing, furniture and much more.

Some developers, like GoPets CEO Eric Bethke, have attempted to get out in front of the virtual property legal issue by defining their own "Avatar Bill of Rights." But most of us have not been as proactive and instead seem content to leave it up to the courts to decide how to define and deal with our users' virtual property.

As precedents regarding virtual ownership are set, the growth of some F2P products may be curtailed as the legal burden of dispensing virtual property increases.

2. Slow Broadband

On the issue of net speed, there remains a huge disparity between North America's broadband ISPs and Korea's military-grade internet provision.

The net effect is that free-to-play games like *Maple Story* can take one-to-three hours or more to download in North America, while Korea's 45mbps network cuts the same download to a mere 10 minutes or less.

It's fair to say that North America won't soon be getting such high download speeds, but the market might have already found a way around the issue. With the launch of streaming game services like InstantAction and the proliferation of Flash as a full-blown development platform, downloading entire game clients becomes less and less the norm.

3. Poor Advertising Strategies

Some products in the F2P sector have come to rely heavily on advertiser support in order to keep their offerings free for the majority of players.

By Adrian Crook

Adrian Crook, a designer and producer with over 13 years experience in the console and online space, is also the founder of Compulsion Loop (www.Compulsion-Loop.com), a design consultancy. Adrian can be reached at adrian.crook@casualconnect.org.



There are more than a few issues that may keep free-to-play [in the West] from experiencing the same growth as Asia.

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A December 2007 article from OMMA, the Magazine of Online Media, Marketing and Advertising, claims that advertisers are taking the wrong approach when handling virtual worlds. Mere billboards and other forms of in-game advertising do little to engage users or to integrate with the chosen property. And as the populations of virtual worlds appear to be prematurely plateauing, advertisers may be starting to sweat.

But there is hope if advertisers change their strategies to suit the unique challenges virtual worlds present. As Worlds In Motion put it: "Themed events, branded avatar clothing, and representative personality appearances are finding success and opportunity in worlds like There, Habbo and vSide."

4. MMO Overload

From *Maple Story* to *Silkroad Online*, there is no shortage of MMOs in the free-to-play space. In the same vein, there is an abundance of virtual worlds such as *Second Life* or *Kaneva*. It seems as though the vast majority of new free-to-play games since 2005 have been virtual worlds or MMOs.

Perhaps it's the very reason that these games have proliferated in the free-to-play market; MMOs and virtual worlds are inherently more inclusive than first-person shooters. Still, it would be a shame to see the free-to-play space flounder due to constant reiteration of the same genres and themes, turning away players seeking a different experience.

Some games have struck out in new directions, seeking to change the MMO paradigm. Unfortunately many have met with a fate similar to that of the first-person shooter *Kwari*, a game in which real currency bought ammunition and each successful shot actually took real money from an opponent's in-game account. Despite its unique revenue model and genre, *Kwari* went into receivership last June.

5. Rising Development Costs

With more prominent developers announcing plans to take advantage of the free-to-play model, the days of games fueled by ramen noodles and nights in the basement could, once again, be history. EA's upcoming *Battlefield Heroes* is the latest big budget free-to-play game, signaling that the big publishers aren't content to sit back and let Far East imports eat their lunch.

If the consumer makes the jump from 2D to more advanced 3D graphics, it could mean the end of the visually rudimentary worlds and Flash-based free-to-play games as market leaders, making way for mainstream big budget games.

6. Second Life Slowdown

Second Life is the Apple Newton of virtual worlds: it was here first, but isn't the best representation of the medium's potential. However, it still occupies a place in investors' minds—akin to a coal mine canary, warning of impending danger.

And while investors took note as *Second Life* soared to the top, they're noticing its decline as well (paid accounts declined steadily for the first six months of 2008). There is concern among some that *Second Life's* time might be up, and that's not a good sign for potential investors in the free-to-play space.

7. Watered Down AdverWorlds

With their lower barrier-to-entry and great potential to spin money, a slew of less innovative products are beginning to hit the market. Hardest to ignore are adverworlds like Build-A-Bear, NFL Rush Zone, BeBratz, BarbieGirls and their ilk—marketing spend thinly disguised as entertainment.

BarbieGirls has been phenomenally successful, acquiring nine million registered users in only its first year of operation. Big brands could easily dominate younger consumers' mindshare, devaluing original IP in the free-to-play sector and making it more difficult for new products to acquire users.

8. Unsanctioned Secondary Markets

Then there's the issue of gold farming—a practice whereby rogue individuals or even companies accumulate huge stores of in-game currencies using automated bots or relentless play. Gold farmers then turn around and sell the in-game currency to other players for real money.

With websites like IGE operating independently of game developers and establishing secondary markets for game currency and items, it's not just traditional MMOs that are being subjected to this kind of treatment anymore.

What's worse, while gold farming might mess with *World of Warcraft's* player-driven economy, some developers believe any secondary market

that facilitates player-to-player purchases means the developer is deprived of the revenue altogether—a potentially fatal issue for free-to-play games which survive on item-based revenue streams.

The launch of publisher-sanctioned Live Gamer is a step in the right direction for developers and publishers looking to reclaim lost revenue. Live Gamer is a sanctioned platform that returns a portion of player-to-player transactions to the developer who originally made the item.

9. Limited Payment Methods

"We have hanging on our wall a \$15 FedEx package a player used to send us \$5."—Craig Sherman, Gaia Online

While other territories enjoy a plethora of tailored-to-the-consumer payment methods, North America has embraced relatively few.

SMS would surely be nearly as popular a payment method in North America as it is in Europe if carrier surcharges weren't in the range of 50% a transaction. One alternative is stored-value cards, which can be redeemed for virtual cash in a game. Although stored-value cards are increasing in popularity in North America, they are too often limited to a single game. Stored-value cards are not likely to become ubiquitous until it becomes possible to buy one card and redeem it for virtual cash in any game.

GoPets has tried to circumvent the payment issue by offering 90 different payment systems worldwide, thus catering to the full range of foreign payment preferences. Nevertheless, consumers still have trouble getting money into their favorite North American games.

10. Kids Only Games

The current offering of free-to-play games caters nearly exclusively to the under-25 set. An NPD study released last year showed that while 91% of online gaming among kids aged two-to-17 is free-to-play, by the time those kids graduated high school, the boys had moved to sixty-dollar console games and the girls had dropped out of gaming entirely.

In the core gaming arena, Nintendo has found a way to appeal to young and old alike. Free-to-play's appeal among adults depends on the proliferation of products that do a Nintendo-quality job of bridging the age gap or targeting older demographics only. ■

“I Want My Game Performance Bonus Plan”

If you were present in the early days of casual games, you know that Shockwave, which later purchased AddictingGames, was one of the very first to share advertising revenue with developers. While this may seem like a given now, back then most portals pocketed 100% of the advertising revenue. For developers, Shockwave's approach was a very big deal.

So when we heard that AddictingGames was introducing a new monetization model, we just had to know more. We asked AddictingGames' Vice President, Kate Connally, and its Director of Game Development, Joel Breton, to tell us more about their new program. —ed.

So what exactly is the AddictingGames Game Performance Bonus Plan?

Breton: This is the new sponsored-game bonus plan that we have launched to reward game developers who create hit games for the AddictingGames audience. Beginning in the third quarter of 2008, each quarter we award developers of the Top 25 sponsored games on Addicting-Games with a cash bonus payment. This is in addition to the license fee which we already pay for sponsored games on AG. So this new bonus plan is really the icing on the cake for game developers who make the hit games the AddictingGames audience loves.

Every quarter, if your game qualifies as a Top 25 sponsored game, you get a check from the Bonus Plan.

How does it work?

Breton: Let me break it down for you. At the end of each quarter, we'll rank all of the sponsored games on our site based on total games played. The Top 25 games in that ranking each receive a share of the bonus pool. The share for each game is based on the total number of game-plays each game generates as a percentage of the total game-plays generated by all the Top 25 games.

All qualifying games will continue to be eligible for the Bonus Plan as long as the game remains on AddictingGames and adheres to the Bonus Plan eligibility rules. There is a lot more detail on our website, of course.

What do developers have to do?

Breton: The main thing that developers need to do is create a hit game that the AG audience will love to play! Once a developer creates a great game and submits it to us for review, we will let them know if they can qualify for AG sponsorship and entry into the AG Bonus Plan. If we sponsor your game, you must integrate our brand, high score functionality, and community features, and we pay you a sponsorship fee upfront. Then, every quarter, if your game qualifies as a Top 25 sponsored game, you will get a check from the Bonus Plan.

Is it hard to get a game sponsored by AddictingGames?

Breton: No. We are always looking for great games to sponsor. We have sponsored over 100 games so far this year.

Why did you come up with this program?

Breton: We wanted to find additional ways to reward developers for creating hit games. The game business is hit-driven. Hit games build our brand and drive our success. This plan allows us to share that upside with the game developers. And to be clear, this bonus plan is in addition to the market-leading sponsorship and work-for-hire fees that we pay upfront to developers.

What types of games do well on AG?

Breton: There are plenty of game genres that can do really well on AddictingGames: shooting games, sports games, puzzle games, funny games, and celebrity games. The key to success is to make a fun game that resonates with a teen audience. Teens are the core

An interview with Kate Connally and Joel Breton, AddictingGames

In her role as Vice President of AddictingGames, Kate Connally runs the site's and brand's business. She has grown the site's library to more than 3,000 titles and has overseen enormous traffic growth in the past two years. AG recently celebrated its highest trafficked month ever with 10.7 million unique users in July (comScore July 2008). Connally has led the addition of new community and social networking-oriented features to the AG website, and she is currently spearheading the development of the first-ever multiplatform awards show for online games: The 2009 Most Addicting-Games Awards. Kate can be reached at kate.connally@casualconnect.org.

Joel Breton is the Director of Game Development at AddictingGames, the leading online game portal owned by MTV Networks. He works with more than 100 game development teams around the world to develop and launch 15 new online games each week on Addicting-games. Joel has produced and created more than 20 top-selling videogames during his game development career, including PC and console versions of Duke Nukem, Unreal, Quake, Virtual Fighter, World Series Baseball, Bomberman, and Doom. Joel can be reached at joel.breton@casualconnect.org.



Naughty games do the best on AG's website.

“I Want My Game Performance Bonus Plan”

An Interview with Kate Connally and Joel Breton of AddictingGames

Hit games build our brand and drive our success. This plan allows us to share that upside with the game developers.



Screenshots of the game MotoRush from AddictingGames and IrySoft.

players on AG—which is why games that target a teen audience will do the best on our site. There are also two types of games that do exceptionally well on our site: stick figure games and naughty games. So if you find a way to make a naughty stick figure game, you may have a hot hit for AddictingGames!

What other ways can developers make money on AG?

Breton: In addition to sponsoring games that developers have created on their own, we also pay developers to create games on a work-for-hire basis. For these games, we give the developers the game concept and then work closely with them through the entire development process. These game deals typically involve larger development budgets and they automatically qualify for our Bonus Plan. In addition, we provide a professional game producer to work closely with the developer to assure that they get feedback, tuning, and testing that will increase the final quality and hit potential of their game.

How does AG fit into MTV Networks?

Connally: AddictingGames is part of the Nickelodeon Kids and Family Games Group within MTV Networks. The Nickelodeon Kids and Family Group is focused on entertaining kids, teens, and their families. As Joel mentioned earlier, AddictingGames is Nick's site focused on teenagers. According to ComScore, in

July the site attracted over 10 million unique visitors in the US alone. AddictingGames is the largest youth-oriented online games site in the US, and it's among the most visited websites that MTV Networks owns.

Why does a TV company care about games?

Connally: MTV Networks has a large games portfolio which, in addition to AG, includes the websites Shockwave.com, Neopets.com, GameTrailers.com and, of course, the hit game *Rock Band*. We are content providers at the core, and our games portfolio is key to providing our audiences with relevant content—whether it's on television sets or cell phones or laptops. Speaking from the Nickelodeon perspective, gaming is the number one activity for kids online, so it's definitely a big focus for us.

Games have become a crucial business for the company. Last year, MTV Networks announced it will invest over \$500 million towards games, including *Rock Band*, websites like AddictingGames and Shockwave, and initiatives in the virtual world space like Neopets.

As another sign of Nickelodeon's deep support for the games space, in Summer 2009 it will debut "The Most AddictingGames Awards"—a multiplatform event featuring online and on-air spots presented across the Nickelodeon portfolio of cable networks and web sites. The Awards will pay tribute to this

web original genre of games in categories as wacky as "Most Sporty Sports Game," "Most Impossible Game," and "Most Embarrassing Game to Play with Your Mom"—just to name a few.

Can developers work on MTV brands by working with the AG team?

Connally: Working with AddictingGames is a great way for developers to get a foot in the door with the MTV Networks family of brands. Since AG is an original web brand, and not an extension of a TV channel, we are mainly developing new, original IP—reflecting the new, original genre of entertainment that is free Flash games. However, we do work with select properties that really fit the AG brand—like *Ren and Stimpy* and some properties on Nicktoons Networks. That being said, AddictingGames promotes the best games around the web, and frequently those games are on sister sites like Nick.com, ComedyCentral.com and MTV.com. We are partners with those sites, and we often share tips and leads to promising game development teams. ■

A Social Gaming Primer

What Is It? Why Does It Matter?

We met with Jing, Charles and Richard earlier this year and were impressed by their great online tools to track social gaming offerings. —ed.

Games involving social interactions are not new. Consider the kind of socializing that is fundamental to traditional board games, console video games, and MMOs. So why exactly is “social gaming” generating so much buzz? This new term has recently been used to describe an emerging genre of casual games built to be played within inherently social contexts (for example, within social networks like Facebook and MySpace). Typically, social games require different interactions between friends as part of their core game mechanics. In fact, it is these friend interactions that make social games especially fun and playable.

Where Social Gaming Fits in Online Gaming

In recent years, casual and social gaming have gained increasing popularity. Initially, many people may have viewed these new game genres suspiciously because they threatened to take away market share from traditional gaming websites and MMOs. However, our research has found that these emerging games have instead resulted in market expansion. Social gaming has enabled a new audience to play and be involved in a “gaming” experience, much in the same way that MMOs have expanded the traditional video game console market.

What Makes Social Games Different

The era of social gaming began as social networks Facebook and MySpace opened their platform to third-party application developers in early 2007. This new evolution of games is not a breakthrough in technology, but rather one in mass distribution.

Social gaming has enabled a new audience to play and be involved in a “gaming” experience, much in the same way that MMOs have expanded the traditional video game console market.

game-play. At the same time, they differ from MMOs in that they function asynchronously, which is to say that they don’t require two users to be simultaneously online to play a game. As a result of the strong adoption of social networks, social games have also been catered to a much larger audience compared to the hardcore MMOs.

The upfront cost of growing social media applications is negligible. For instance, the *Friends for Sale!* application grew from zero to a million page-views per day in a matter of just four weeks. Consequently, the application lifecycles of social games (a few months, perhaps) are currently drastically shorter than casual games or MMOs, which typically last for years.

Even so, going viral isn’t that easy. Developers must effectively leverage the distribution tools provided by the social networking platform and integrate those mechanics deeply into the game-play. We’ve seen countless examples in which traditional gaming companies have failed to grow their social games organically despite investing heavily into building social games. The problem has been that they have failed to take advantage of the most important part of being on the social network in

Traditionally, a website owner would drive traffic to his site through search engine marketing (keyword buys, primarily). In contrast, users of social networks are deeply connected to others within the network, making it easier and cheaper than ever to generate the word-of-mouth necessary to reach a mass audience. Whereas there might be an extra barrier to referring your friend to an interesting website, social networks make referrals easy and intuitive—a seamless part of the user experience. In fact, well-designed social games integrate referrals directly into the core game mechanic with a compelling call-to-action. As a result, not only is it easier for a user to invite 20 friends, but the user is compelled and incentivized to do so.

Like casual games, social games are typically very lightweight with relatively simple, easy-to-understand

By Jing Chen, Charles Yong, and Richard Chen

Jing Chen is Co-Founder of Developer Analytics, a third-party social media reports and measurement service with expertise in social games. Previously, she was an investment banking analyst at Lehman Brothers in the Global Communications and Media Group and Program Manager at Microsoft working on Live Meeting. Jing, who has been invited to speak on social media at a number of conferences (including Casual Connect), graduated from the University of Pennsylvania with a dual degree in computer science/design and finance from the Wharton School. Jing can be reached at jing.chen@casualconnect.org.

Charles Yong is Co-Founder of Developer Analytics. His interest in social graph analytics stems from a background in computational genomics, epidemiology and outbreak analysis, and machine learning. Previously he has worked at the National Institute of Health, as well as both the Computational Genomics Research Group and Taylor Plant Biology labs at UC Berkeley. Charles graduated from the University of California at Berkeley with a degree in Bioengineering and is awaiting deferred matriculation at the Stanford School of Medicine. He is also a popular conference speaker. Charles can be reached at charles.yong@casualconnect.org.

Richard Chen is Co-Founder of Developer Analytics. Richard carries a strong technical and web programming (javascript/php) background from his past experience at Silicon Valley start-ups and projects. He graduated from the University of California at Berkeley with a degree in Electrical Engineering Computer Science. Richard can be reached at richard.chen@casualconnect.org.

A Social Gaming Primer

What Is It? Why Does It Matter?

the first place. Developers must control and monitor their games carefully, balancing user power, controlling inflation, and regularly re-engaging old users. As with all games, users determine the success of a social game, so receiving and actively responding to feedback is a critical component of the ongoing game design process.

The Opportunity

Right now, there is a 34-year old woman in Iowa who is spending 12 hours per week petting her virtual pet. The consequences of this market expansion are twofold. First, the demographic profiles of these audiences are more varied and diverse with an increased percentage of older players. Secondly, because they are not your traditional, hardcore, MMO gamers, social gamers are much more easily satisfied and content with simplistic content. They don't care much about fancy 3D graphics, the game-engine, and online chat abilities—all of which are common to MMOs. Why is that? Well, the reason people are on these social networks in the first place is to have fun and socialize, and social games provide them with that outlet. Since these new gamers have not had extended exposure to complex console or PC games, anything that will solve these basic needs will be sufficient. Of course, as social games evolve, the quality of graphics and richness of game dynamics will (and must) improve due to increased competition in the market.

How Social Games Make Money

Monetization starts from day one. While some developers insist on “protecting user experience,” our research has shown that top developers think about ways to monetize from the first day they launch their application. First, the most common and prevalent form of monetization on social networks is the traditional banner display ad. While social media has been criticized as

	Monthly Uniques	Business Models	Development Costs
MMOs			
<i>World of Warcraft</i>	10,000,000	Virtual goods \$15/month subscription model	Over \$200M+ Since 2004 3,000 Employees
<i>Habbo Hotel</i>	9,500,000	Virtual goods Free to join \$30/month to Habbo Club	Over \$30M+ Since 2004~ 300 Employees
<i>Runescape</i>	6,000,000	Virtual goods Over 1M paid accounts at \$5/month	Since 1998 400 Employees
Casual Gaming			
<i>Diner Dash / PlayFirst</i>	N/A	Micro-transactions (>\$35M+ in total) Try-then-buy (\$20) or subscription (\$7-\$10 per month)	Over \$30M+ Since 2004 50 employees
Social Gaming			
<i>Mob Wars</i>	2,200,000	Virtual currency CPA and display ads Earns over \$600K/month	No funding Since Jan 2008 < 5 employees
<i>Friends for Sale!</i>	4,300,000	Virtual currency CPA and display ads Earns over \$200K/month	No initial funding Since Nov 2007 < 10 employees

Table 1: When you compare development costs to end revenue potential, social games represent a market that should not go unnoticed.

having ridiculously low CPMs (usually 10 to 30 cents), people often neglect the sheer amount of impressions these applications generate. *Mob Wars* (see Table 1), for instance, generates over 30 million impressions per day. However, for social games, CPM no longer becomes the dominant source of monetization. More lucrative forms of monetization include incentivized CPA and offer completion, virtual currency and micro-transactions, subscription or premium accounts, as well as direct branding deals and sponsorships. Among these, CPA/offers, virtual currency, and micro-transactions are the most widespread.

If well-designed and integrated into the game mechanic, they also yield the best results.

When you compare development costs to end revenue potential (see Table 1), social games represent a market that should not go unnoticed. Yes, a team of two can build a social game earning hundreds of thousands of dollars a month within a few months. Table 1 shows just two success stories, of course, and there have been plenty of failures; but considering that games on social networks have been around not much more than a year, the odds of success have never been so good.

Games will always be a part of human life, of course. As for social games, this new era has just started. Virtual currency and micro-transactions are still relatively new to the US demographic, and as these systems become more prevalent and sophisticated, the market potential will only grow. ■

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Well-designed social games integrate referrals directly into the core game mechanic with a compelling call-to-action. As a result, not only is it easier for a user to invite 20 friends, but the user is compelled and incentivized to do so.

Making Games—and Money—in a Flash

Simple Browser-based Games Have Become Big Moneymakers

Even though web games have been around a long time, they have remained relatively unknown to the gaming and advertising world until now. Web games have been a stealthy lurker in the Internet world for years now, with a wealth of appealing content but few mechanisms with which to realize their true potential. To many people, “web games” is an indistinct category that blends in with the rest of casual gaming. For the purposes in this article, I will define web games as browser-based games that are dominated by the Flash format. Web games are a subset of the casual games industry, characterized by small teams of predominantly indie web game developers and fast development cycles of weeks to a few months.

Web Game Developers

In the still nascent world of web game development, very few software development kits exist and distribution is predominantly viral. Build fantastic gaming content, and the audience and websites will come, as games are shared, emailed, and embedded across the Internet. Developers

in the Flash world are the rogues of game development, frequently prototyping ideas in a matter of days. Many of them work as hobbyists, creating games in their spare time while also maintaining a “day job.”

Until recently, web game developers were more like artists who practiced their craft merely to entertain others. Without the underlying framework of monetization and commercialization, the emergence of web games has been slow to be recognized by the broader gaming community. However, due to the recent emergence of viable monetization opportunities and the ease of using Flash technology, developers have come to encompass a wide demographic, from the 12-year-old learning ActionScripting from a summer camp to fully commercial game studios like Nitrome and Digital Chocolate.

Since a web game can be developed in just a few days (or, at most, up to a few months), developers can quickly prototype innovative gaming ideas and release them to an audience at minimal cost.

Despite the nascent monetization methods, web games have their appeal to the game development community. Since a web game can be developed in just a few days (or, at most, up to a few months), developers can quickly prototype innovative gaming ideas and release them to an audience at minimal cost. Artists and experimenters alike are able to create games as a creative outlet for their passions. More recently, many of these earlier experimenters have been able to take advantage of monetization and distribution methods to make a lucrative business out of their games.

Web Game Monetization Methods

While there are numerous monetization methods within web gaming, there are six primary methods which predominate. Note that these methods are sometimes used in combination with one another.

- **Around-game Ads**

The IAB (Interactive Advertising Bureau) defines around-game advertisements as “ads displayed in conjunction with or alongside a game.” These ads can take two primary forms: the webpage banner ad, and the dynamic pre-game or inter-level ad. Webpage banner ads are typically Google AdSense banners, skyscrapers, or medium rectangle text or graphic ads that you might see on a webpage. Pre-game and inter-level ads (such as MochiAds, for example) appear as graphics or videos that show as the game is loading or during natural breaks in game-play.

By Ada Chen

Ada Chen is Product Marketing Manager at Mochi Media, a company providing monetization and distribution services for game developers. She currently leads the marketing efforts for the MochiAds advertising and publisher network which reaches over 60 million unique users per month. Prior to joining Mochi Media she was part of Microsoft’s adCenter team working with premium clients such as Netflix, Overstock, Blue Nile, and REI across retail, consumer packaged goods, education, and insurance verticals. Ada received her undergraduate degree from The Wharton School at the University of Pennsylvania. Ada can be reached at ada.chen@casualconnect.org.



This flash advertisement for the animated movie Space Chimps is played before a user begins to play a flash game. Pre-game advertisements generate a strong source of revenue for flash game developers.

Making Games—and Money—in a Flash

Simple Browser-based Games Have Become Big Moneymakers

The Surge of Web Gaming

Web games are played by over 200 million people each month, or roughly one in four Internet users. Four factors have contributed to the recent surge in web gaming:

Accessibility—Internetworldstats.com reports that access to the Internet is at an all-time high of over 20% of the world's population, with web gaming technologies such as Flash now available on 99% of browsers (see http://www.adobe.com/products/player_census/flashplayer/version_penetration.html).

Resources—Console games require large teams and significant investment. In contrast to multi-year console development cycles, Flash games are typically built in just a few weeks by individuals or very small teams.

Audience—Since web games are predominantly free-to-play, developers can make innovative games that reach a far broader audience than other online games. Web games reach a roughly 50/50 mix of males and females and span all age groups.

Monetization—In the past year, multiple monetization opportunities have emerged to make the creation of web games feasible and attractive.

They are typically inserted dynamically into actual space of the game, *distinct* from the game-play itself. In some cases, ads travel with the game file itself so that developers can monetize the viral spread of a game as it spreads across the Internet.

• Game Portal Sponsorships

Game portal sponsorships are payments made to developers to purchase a branded link within a game to drive traffic back to a portal's websites. The ads typically show up as a call-to-action ("Play More Games") that shows in all versions of the game played across the Internet. Over the course of time, the traffic driven back through these links to the game portal is monetized through around-game ads.

• Revenue Sharing

Revenue sharing websites enable a developer to add games to their sites and to receive in return a share of the revenue those games generate. For example, developers might receive anywhere from 25% to 50% of the ad revenue generated by the around-game ads displayed while their games are

Bloons received over three million plays in its first week alone, and it is now played tens of millions of times each month.

being played. Some sites also offer revenue sharing based on pre-arranged bonuses that are paid when the game is played a specific number of times.

• Licensing/Advergames

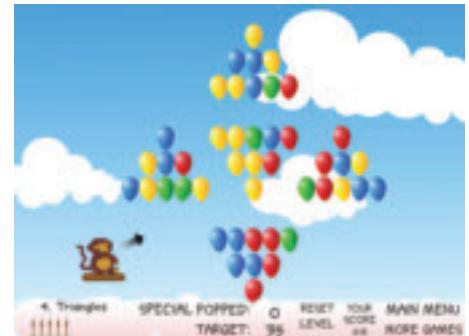
Licensing a web game can take on both low-end and high-end forms. On the low-end, websites owners may simply pay to license the content for use on their sites, or a brand may wish to create an ad-free version of an existing game. On the high-end, a licensor may wish to re-skin a game or to secure distribution rights. Advergames are games custom-built around products or services. Wrigley's *Candystand*, or Redbull's *Flugtag* are two examples of Flash advergames.

• In-game Ads

In-game ads differ from around-game ads in that they are incorporated into elements of the game itself. To name one familiar example of in-game ads, brands sometimes pay to be featured on billboards or signs in racing games. Such ads can be either static or dynamically placed. Because of the cost and lead-time required to create such custom integrations (not to mention the uncertainties of audience reach), in-game ads are fairly rare today in the world of web games.

• Micro-transactions

Whereas the previous examples rely on sponsors to monetize web games through advertisements, micro-transactions enable developers to make money directly from the users of their games. To do so, a developer might offer a basic version of a game for free and then provide upgrades in exchange for small payments. For example, a user might pay to gain access to unlocked levels, deluxe full-screen editions, or add-ons that further extend the play of the free web version of the game. Creating scalable and secure pay-



Ninja Kiwi's Bloons

ment systems across a portfolio of games has proven difficult so far. While rare, the most successful examples typically appear as Facebook game applications.

Ninja Kiwi—Developer Case Study

Two brothers—Chris and Stephen Harris of Ninja Kiwi—created a cult success with their Flash game, *Bloons*—a game which currently generates over \$30,000 per month in revenues. *Bloons* received over three million plays in its first week alone, and it is now played tens of millions of times each month. In this simple game, the player is a monkey launching darts, catapult style, at clusters of balloons arranged in puzzling formations. The objective of the game is to clear the target number of balloons with a fixed number of darts. Since their phenomenal success with *Bloons*, Ninja Kiwi has leveraged that success to extend its portfolio to over twenty games and three websites. Consequently, the Harris brothers have secured office space, hired employees, and left their day jobs to devote themselves to Ninja Kiwi full time.

Ninja Kiwi's success is based off of three of the six monetization methods detailed above: around-game ads, revenue sharing, and licensing/advergames. The bulk of their income each month comes from around-game advertising, both on their own site and from pre-game advertisements served by MochiAds. By placing its logo and advertisements into each of its games and distributing them across the Internet, Ninja Kiwi is able to monetize gamers at the time of play while also driving traffic back to its website where they can be monetized via around-game ads. The importance of distribution is underscored by the popularity of its games on the Ninja Kiwi website, which receives 20 million page-views per month. In comparison, its off-network traf-

fic comprises over 30 million monthly plays of their games.

In addition to the around-game advertisements, Ninja Kiwi also supplements its monthly income through revenue-sharing. For instance, Kongregate provides Ninja Kiwi with a share of ad revenues generated on its site while also licensing ad-free versions of Ninja Kiwi games.

Building Success

The mere existence of opportunity is one thing. Turning that opportunity into success is quite another. That said, there are a few ways to increase your chances of building a successful game.

Many web game developers take advantage of their game sponsorship portals to distribute their games. With game portals' massive audiences

and established reach, these sites are often able to catapult a game into greater distribution simply by featuring it on their front pages. In addition, new services such as MochiAds for Publishers enable developers to easily distribute their games to thousands of web gaming sites within the MochiAds network.

Naturally, much of the early success of web game developers has been built off of sheer legwork. Many developers hand-create (and share amongst the community) mailing lists for potential websites that might distribute their games. In addition, they take advantage of StumbleUpon or Digg, and they spend many hours crawling websites and submitting their games to help achieve popularity and success.

On a general level, the most successful strategies can be summed up in a few points. Web

game developers using multiple monetization methods are the most likely to be able to achieve the dream of going independent. They combine game sponsorships with around-game ads of both types and focus on creating un-capped recurring revenues. Eventually they are able to build a robust portfolio of games each earning a recurring check.. At the same time, developers are seeing increased interest in their game from advertisers, in many cases with ad revenues making up over half of their monthly incomes.

Finally—and the most important note of all—this is an emerging industry, with distribution and deal sourcing opportunities still nascent and growing quickly. There is endless opportunity out there, and many innovative monetization methods are still being pioneered. ■

The advertisement features a central cartoon dog holding a game controller, positioned above the company name 'ERS g-Studio'. The background is yellow with decorative swirls. Below the main title, there are three main service offerings: 'developing GAMES' (with a joystick icon), 'designing GRAPHICS' (with a tablet icon), and 'creating SOUNDS' (with a speaker icon). A row of nine small game screenshots is displayed at the bottom. The website 'www.ersgstudio.com' is prominently displayed at the bottom center.

Creating a Social Network of Developers

A Case for Open Platforms and Open Source in the Online Games Industry

By Michael Gialis

Mike Gialis is responsible for New Business Development for Sun in relation to the Project Darkstar and Project Wonderland communities. Mike works in Sun Microsystems' Chief Technology Office—Sun Labs. You can contact Mike for additional information at michael.gialis@sun.com, and also at michael.gialis@casualconnect.org

Due to the confluence of gaming, virtual worlds, and social networking, online game environments are on the verge of potentially explosive growth. That growth potential is further fueled by changing demographics, shifting media access patterns, network capabilities, technology evolution, and network "reach," as these environments are now positioned to reach well beyond traditional gamers. Put simply: Online games are going mainstream.

This presents a wonderful opportunity for those engaged in this industry. Nevertheless, there are challenges in addressing a broader constituency. How do you tap into an ever more disparate group of potential users? How do you make products that are relevant to new audiences and retain their attention? In the past, game developers primarily created games for audiences they were familiar with, but now the largest growth opportunities are available to those who can expand beyond the traditional gamer demographic.

One compelling solution for dealing with these challenges is to deploy open platforms and open source technology to harness the collective strength of the industry to the benefit of developers and consumers alike.

Fresh Content = Expanding User Base

For years, the games industry was dominated by games developed for gamers by gamers. This virtuous cycle has been very successful by almost every measure. Every measure, that is, except perhaps one: extending games beyond the gamer market.

The key ingredient that drives adoption is viral marketing or "word-of mouth." At the same time, the key to participant retention is the engagement of the user in the environment. Social networks have discovered the power of combining word-of-mouth with user engagement, and the result has been rapid adoption by many people who were previously not *invested* in using the web for "networking." By allowing users not only to contribute their own content but to alter the environment, social networks have expanded the opportunity for participation and retention—making possible an even higher level of user adoption, participation, and investment.

The casual games market could learn a thing or two from social networks.

We should deploy open platforms and open source technology to harness the collective strength of the industry to the benefit of developers and consumers alike.

The Value of Open APIs to Social Networks

Meanwhile, social networks are looking to game developers to add features and functionality to their environments. By providing an open interface, social networks allow user-generated content (games) to work to enhance their platform. This can be a win for everyone: The game developer wins the opportunity to reach a target audience that is somewhat "captive" because of the users' investment in that particular community; and the social network wins by enhancing the "stickiness" and value of its site.

A Case for a Game Developer Stack

At the same time, developers who work with social networks are undergoing an alteration to their risk profile. As a game developer for a particular social network, you are not able to readily leverage your work across multiple social networks since the APIs for the social networks differ and there is an investment required in becoming proficient with any particular platform's interfaces. The resulting effect is similar to the "walled gardens" of the mobile space. The social network may preclude certain games by virtue of the demographic profile, technology constraints, or the rules established by the site. There is also the risk of being "lost in the crowd" as game developers rush to create content for a particularly attractive social network. Lastly, there is the necessity of determining valid busi-

ness models to recoup the game developer's investments.

The challenge for the game developer is to take advantage of the market access presented by the various social networks but to do it in a way that reduces risk. One means of doing that is to standardize on a platform or software stack that is sufficiently extensible to integrate with any social network or game site. Standardization enables you to address various market segments while reducing both your development cost (on a per title basis) and your time-to-market.

Open Source vs. Proprietary

Currently, there are only a handful of game platform technologies, and they remain the hands of a few key players who maintain proprietary control. What's more, little of this work is standardized or even uniform, and it is often constructed around a particular game title. What is available to the independent game developer are components of a solution that are suitable to a limited set of game genres, solutions that require significant up-front license fees, or proprietary systems that mandate deployment within specific constructs. Even within these options, the current technical architectures apply a "brute-force" approach to addressing compute requirements, resulting in significantly lower efficiencies in how the back-end infrastructure is leveraged. The consequence is unreliable user data persistence, limitations on feature access, frequent patching, and surplus or insufficient server allocations. All of these contribute to a sub-optimal user experience which results in higher support costs, requests for reimbursement, and shorter subscription lengths. Such limitations also reduce the likelihood that referrals will work to the advantage of the title or application. This latter issue is of particular concern when social networking models combine with game themes to encourage participation and community development.

Social networks have expanded the opportunity for participation and retention—making possible an even higher level of user adoption, participation, and investment.

Enter Project Darkstar

Project Darkstar is software game server technology which originates from Sun Labs and is available under an open source license. Project Darkstar helps developers and operators avoid a range of serious, yet typical, problems associated with massive-scale online games, virtual worlds, and social networking applications. The technology can assist with zone overloading, data corruption, and server underutilization. In addition, as a highly extensible platform, Project Darkstar enables developers to support new dimensions of play, new client interfaces, and large-scale game-play.

But it is not only the technical attributes of the core Project Darkstar technology that distinguish this project effort from proprietary alternatives. Project Darkstar is part of an open-source community which has the objective of reducing inefficiency or "friction" in the online gaming industry. Project Darkstar brings world-class distributed computing to everyone through a highly extensible architecture, accessible API set, and open-source license model. There is no lock-in to the technology itself, to any server platform, to any service provider, or to any chip architecture. The development process for Project Darkstar takes place in a highly transparent fashion in the community.

The Social Network of Open Source Communities

Proprietary model advocates will invariably argue that open source software is unreliable, insufficiently refined, incomplete, or unsupported. They also contend that the open source licenses somehow compromise the developer's intellectual property. In fact, we've all seen numerous examples outside of the game industry that have debunked these fears. The key is establishing a robust community that contributes and invests in the evolution of the software. In this way, the communities that can form around open source technologies are conceptually similar to social networks.

Open source and social networking are mechanisms for building communities. These communities are tied together through the incorporation of user-generated data or content. The features that encourage contributions of user content extend the validity, endurance and pertinence of any social network. Adoption and participation are key. Your contribution of content is your investment, but it can become stale. If new users do not join, if new features are not developed, or if new content is not contributed, that particular social network will be supplanted by one with superior capabilities that engages the participants in a more interesting and compelling way. These characteristics apply to vibrant open source communities as well: content is contributed, affiliations driven by a common set of interests evolve, even a "leveling" or reputation effect can be seen. If participation grows, the power of the community and network effect will always trump the investment of any closed, proprietary alternative.

Project Darkstar and the Open Source Game Community

There is far more to developing a successful game than incorporating any particular piece



Creating a Social Network of Developers

A Case for Open Platforms and Open Source in the Online Games Industry



Open source and social networking are mechanisms for building communities, which are tied together through the incorporation of user-generated data or content.

of software, regardless of how good it is. This is where the community effect contributes in a way that only open source technology can provide. As mentioned, Project Darkstar has been designed with extensibility in mind, as value-added contributions are expected to be made by the community. Significant code contributions have already materialized and are accelerating with the advent of a fully transparent development model that provides direct insight into the core team's interactions. In the same way that a social network strives to increase utilization, the formation and cultivation of a robust community is paramount for the Project Darkstar team. The Project Darkstar community contributions (see <http://www.projectdarkstar.com/external/projects.html>) have included everything from the look, feel, and functionality of the website to the inclusion of an authentication server. These are welcome and necessary to the successful achievement of the vision. At the Austin GDC (see <https://www.cmpevents.com/GDAU08/a.asp?option=C&V=11&SessionID=7850>), Sun and other open source advocates came together to discuss the numerous technologies available to game developers. Simply put, a technology platform that has community interest, numerous code contributors, and active community involvement will outlive and evolve beyond any single source, proprietary technology over time.

Beyond open source technologies, service providers ranging from hosting services to billing services add value to the community by enabling a more complete solution. Project Darkstar service providers include fatfoogoo and NaviSite.

Sun's Project Darkstar team is actively working with a broad base of software and service providers to provide an integrable software stack and to create innovative business models that could form a solution stack that reduces risk for developers and publishers alike.

Using the technology enables game developers like Gamalocus, GS New Media, Rebel Monkey, Mind Control Software, and The Saddle Club (a co-production of Crawford Productions Pty Ltd and Protocol Entertainment, Inc) to focus on the creative elements of the environment they are developing rather than on interactions with the compute infrastructure. The platform is highly extensible and already supports numerous clients (including Flash, C, C++, Python, and Java) which have come from Sun's Project Darkstar team and other community members. Utilizing this technology should significantly reduce technical risk for a single project while compounding the benefit for subsequent titles. It also drives a much accelerated time-to-market. The up-front cost is limited to the developer going to the community site, downloading the technology, and becoming familiar with it.

Establishing a common development platform that is built on open source technologies will further contribute to enhanced efficiencies and economics for game development.

Summary

Open technologies and platforms incorporate user-developed content, leverage the community, and provide access to broader and more diverse audiences. They enable easier game development and thereby contribute to more content and value being delivered to the end user. Establishing a common development platform that is built on open source technologies will further contribute to enhanced efficiencies and economics for game development. By utilizing a developer stack and enabling deployments of the game title to various social networks, game sites, or clients, game developers can create their own portfolios relative to game distribution channels. Open platforms and open source are already driving change in game development practices. This is only the beginning of what open source technologies, open development platforms, and open service models will do to transform the industry. ■

Coping with the Recession

Opportunities for Growth in a Down Economy

With home prices decreasing 17%, the unemployment rate climbing to 6.5% and a \$700 billion government bailout plan for a struggling US banking system, game publishers are concerned about how the economic downturn will affect consumer spending. The announcement of US retail sales falling by 1.2% in September (the worst drop in three years) is a sign that consumers have started to tighten their wallets. To what degree will discretionary entertainment items, such as games, feel the impact of this retail spending drop? Can emerging markets in Asia Pacific provide additional sources of revenue?

How the Economic Downturn Is Affecting the Games Market

Games have often been called "recession-resistant." Conventional wisdom is that, during difficult economic downturns, users migrate from expensive leisure activities—such as eating out, traveling and purchasing high-end electronics—to games with longer entertainment value. Through the end of September, 2008, overall US game sales were up more than 20% YTD, according to NPD figures.

Pearl Research believes the stagnating economy will indeed affect the games market; however, the extent of that effect will depend on the region and platform. Games are not immune to the fluctuations of the economy, but they are affected in a different manner. There is not one monolithic games market. The packaged and online games market will behave differently as consumer spending patterns differ.

Over the last five years, game publishers increasingly have diversified their publishing portfolios. As a result, their revenues may come from both packaged games and online, and from both the US and other markets. Thus an analysis of the impact of the recession should take into account the diversity of the games market.

Discretionary Spending Is Watched More Closely

Rather than purchase lesser known names, users tend to buy top games that are known to provide consistent fun—games such as *Grand Theft Auto IV* (which generated \$500 million in its first week of sales). Thus, while blockbuster franchises such as *Halo* and *Guitar Hero* are less likely to feel the pinch, moderate and smaller hits that traditionally sell outside the top 20 face tougher consumer scrutiny from consumers looking to conserve cash. Medium-sized publishers will face the most risk as they seek to compete for fewer consumer dollars. During better economic times, smaller titles have an easier time finding an audience.

In strong economic times, users are less selective and more likely to generate incremental sales by purchasing on impulse; but in difficult economic times, consumers watch their dollars closely. Thus, while sales of these blockbuster franchises will increase the aggregate value of the market, it does not mean revenues will be distributed evenly this holiday season.

Asia Pacific Challenged by Monetization Rates

The Asia Pacific markets have different dynamics than the US as many MMORPGs are free-to-play, as are casual games such as *Audition Online*, *Legend of Mir*, and *Dungeon and Fighter*. User play time and access tend to be unaffected by the economy as there is not a cost barrier to begin with.

The Asia gaming market may also see more users as the economy worsens and other leisure activities become too expensive—especially since personal incomes in countries such as South Korea and China are lower than in the US. The individual amounts of micro-transactions are typically valued at small amounts of \$1 or \$2, making this business model more resilient during difficult economic times. (By comparison, consider the packaged goods model which requires the user to pay \$40 or more upfront.)

The challenge for developers and publishers is to find a way to increase monetization rates that have been traditionally 10% or less. Converting non-paying users is always a high priority, but it takes on a greater weight during uncertain economic times. Purchasing a \$40 virtual sword becomes a lower priority in an economic downturn as consumers become more concerned with other personal expenses. Pearl Research believes it will become difficult for users to justify paying for higher priced items compared to lower-priced items.

By Allison Luong and Jeff Yip
(Pearl Research)

Allison can be reached at allison.luong@casualconnect.org.

Jeff can be reached at jeff.yip@casualconnect.org.

Coping with the Recession

Opportunities for Growth in a Down Economy

Game operators may have to adapt prices even more in a market where user spending becomes increasingly limited. In addition, advertising and corporate sponsorships take on a greater importance as game operators look for ways to help make up any revenue shortfalls.

New Gaming Opportunities in Vietnam

"I come seven days a week. I play about three hours each time."

A 23 year old gamer named Minh sits in a dark corner of his local Internet café, his face illuminated by a glowing computer screen. He is staring intently at a man on the screen riding a white horse through a non-descript 2D background of green grass. We are conducting an interview with him but he never turns away from the monitor. Instead, we have a conversation while he is keeping an ever-vigilant eye on his health bar and inventory items.

Gamers like Minh are fueling the online games market in Vietnam. According to Pearl Research, in 2008 there were an estimated four million gamers in the market, and that number is expected to more than double by 2011 to an estimated 10 million. Upcoming releases such as Nexon's *Maple Story* and EA's *FIFA Online* will only continue to expand the market. Top online games in Vietnam can attract 200,000 users.

Technology companies looking to expand into Vietnam should keep an eye on young urban consumers. Approximately 50% of the total Vietnamese population is under the age of 25. This is an age cohort that is known for being tech-savvy, making them a key market for digital entertainment companies. There are approximately 21 million Internet users in Vietnam with an Internet penetration rate of 23.5%. This includes users who do not own a PC but can access the Internet at a public location such as a school or Internet café.

Vietnam Internet Penetration

As the Internet becomes more integrated into the daily lives of young consumers, new market opportunities for e-commerce and Web 2.0 emerge. In the electronics sector, Pearl Research expects increased demand for mobile phones, digital music players, and digital cameras.

As part of our new report on Vietnam, Pearl Research conducted Internet café visits as part of our methodology. The Internet cafes Pearl

Research visited in Vietnam were consistently crowded with users playing online games. The high demand for PCs at Internet cafes resulted in users often waiting for an open PC.

In our interviews with Vietnamese gamers, many were spending 60,000 to 100,000 VND (\$3-\$6) per month. In one high-end Internet café we visited, a few interviewees were spending an average of 500,000 VND (\$31) per month. These consumers are driving the digital entertainment and online games market with virtual item purchases.

Besides providing inexpensive access to PCs and the Internet, these Internet cafes serve as a marketing and retail locale for prepaid cards. Vietnamese game operators are able to distribute their pre-paid gaming cards to these cafés, thereby establishing an effective payment system throughout Vietnam. The availability of this payment system may make Vietnam a more viable market for game operators than (for example) India where a lack of a solid payment system is one of the things restricting growth in the games markets.

While our forecasts for the online games market in Vietnam points towards growth, criti-

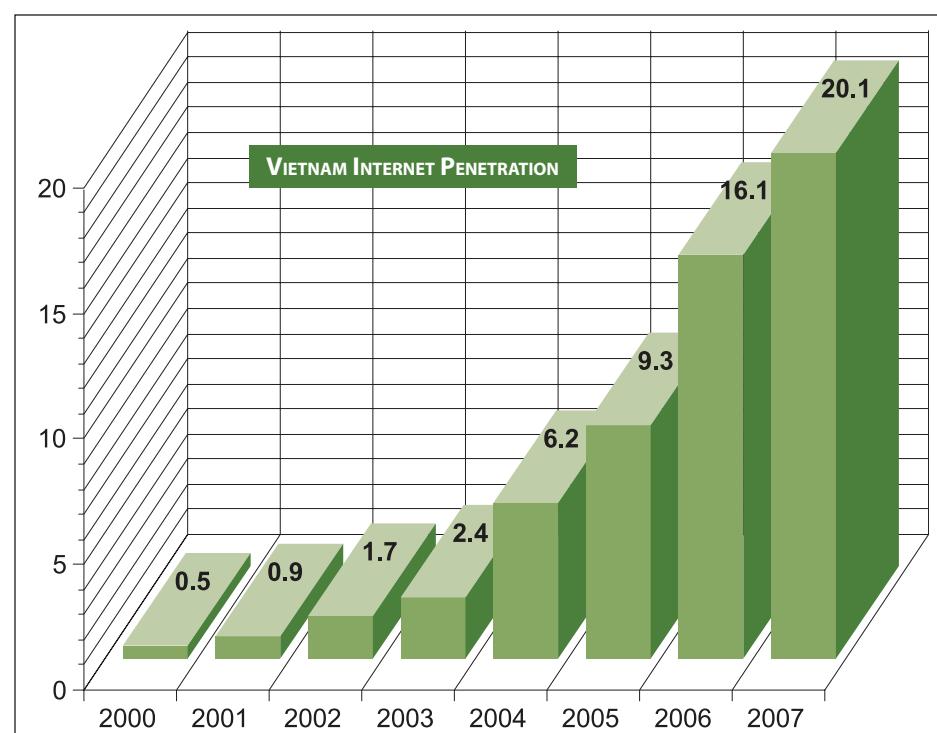
cal challenges that may stunt progress include government regulations on online games, the worldwide slowing economy, developing infrastructure, and low income levels.

Still, companies may find that Vietnam can provide an emerging opportunity as the country's interest in online games deepens. Already, game publishers in Korea and China have established a beachhead in this market, aggressively licensing games and establishing name recognition among local gamers.

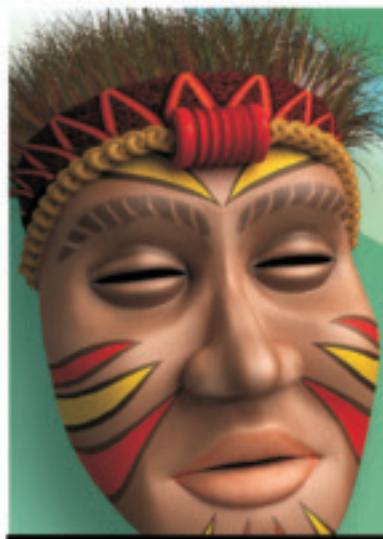
In conclusion, Vietnam's large youth population, the popularity of Internet cafes, and a growing economy that has averaged 8% annually, makes Vietnam an important market to track. ■

For more information about our recent report on Vietnam, email research@pearlresearch.com, visit pearlresearch.com or call 415-738-7660 for more information.

Copyright Pearl Research. October 2008. Notes: Housing prices decline are sourced from Case-Shiller Index. Retail sales figures are from the US Commerce Department, while unemployment is from the Labor Department. Internet advertising figures from IAB.



Source: VNNIC (Vietnam Internet Network Information Center).



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